

Reset at Retail

What more can be said about the current state of retail? It seems as though a new article is written every hour about the grim economic situation and how retail sales are spiraling downward faster than the media can document. Stores are closing, prices and margins are plummeting, people just aren't shopping. Retailers and brands both big and small are struggling mightily to stay afloat.

Which of them will make it through the year? How must retailers adjust their product mixes and marketing approaches to remain profitable?

While these questions loom on the pages of every newspaper and magazine, marketers and brand managers are racking their brains to come up with strategies that will carry their companies through the turmoil. Even without brilliant answers, it's pretty certain that many brands and stores will survive this challenging time, just as their predecessors weathered the Great Depression.

Of course, some businesses did fail in that difficult financial climate. But history shows that the Depression also served as an incubation period for many of the brands we now regard as iconic. Pepsi, Scotch Tape, and Macy's were all on their way to becoming household names during the turbulent 1930s, thanks to a variety of revolutionary retail methods that succeeded by empathizing with, engaging, and empowering customers.

BIRTH OF A GENRE

When the Depression hit, Procter & Gamble did not react by cutting back its marketing budget. On the contrary, it looked for new ways to reach consumers effectively by evaluating what people would still need to buy even if they had minimal income. P&G found a golden opportunity with Oxydol, one of its soap brands.

Oxydol promised to make doing laundry easier by washing clothes "25 to 40 percent faster" and getting them "four to five shades whiter than other soaps."

That was good news for the exhausted, sore-armed housewife, as laundry in those days required serious physical exertion. Soap was an essential product and affordability was a major selling point, putting Oxydol in a strong position.

Then P&G got creative and pursued an innovative marketing avenue: commercial radio broadcasts. Radio was a popular source of entertainment and didn't cost its audience money, offering hard-pressed Americans a bright spot in gloomy times. And many housewives listened to the radio on a regular basis.

Oxydol's Own Ma Perkins debuted in 1933, and women around the country quickly fell in love with the character. Her folksy tales went right to the heart of Oxydol's primary market segment—hardworking homemakers whose dilemmas were similar to those of Ma Perkins. The broadcast's story lines offered comforting homespun philosophy and down-to-earth advice for the everyday challenges faced by so many. The show was a huge success.

Through Ma Perkins, P&G brought to life Oxydol's brand personality in a way that directly touched its target audience. This simple marketing tactic helped the soap giant beat the Depression. It also had the residual effect of ushering in a new form of entertainment, the soap opera, still beloved of housewives today.

THE WEARABLE WEST

During the same era, Levi Strauss & Co. was falling on hard times. With a customer base composed primarily of manual laborers, Levi's saw sales of its jeans drop by more than 50 percent during the 1930s as the unemployment rate soared. Times were changing, and that meant Levi's brand message had to adapt.

A key market trend presented itself through the unlikely medium of farmworkers. Some of these enterprising souls were inviting Easterners to visit their "dude ranches" and experience the cowboy lifestyle popularized by Western films of the time.

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Inspired by the success of this approach, Levi's decided not to rely solely on its advertising message of durability, similar to that used by many other brands. Instead, it chose to go for a more emotional appeal by emphasizing the Western mystique of Levi's jeans. Not only did this evoke the company's heritage and its early days during the Gold Rush, it also tied in with the current vogue for all things Western.

By reexamining its core message, Levi's was able to position its product as a mainstream apparel choice. This allowed the company to broaden its marketing base and move beyond the relatively small group of blue-collar workers it had served up to that point.

But Levi's didn't stop there; it implemented a "small" idea that turned out to be a major marketing coup. In 1936, a red tab imprinted with the Levi's trademark was added to the back pocket of its jeans, a bold step that effectively placed free advertising on the people walking around wearing them. The garment industry has never been the same since.

FAR-REACHING EFFECTS

Federated Department Stores — known today as Macy's — shook up retail during the Great Depression by putting itself in the customer's shoes and adopting changes designed to facilitate shopping and purchasing.

Among the revolutionary measures instituted by Federated was the first-ever "pay when you can" credit policy for patrons, allowing stores to bolster sales and make their merchandise more accessible at a time when incomes were dropping or disappearing.

In addition to reorganizing itself at the fiscal level, Federated rearranged its store environments to present clothing by size. (The standard practice at that time was to arrange apparel by color, brand, or price.) This made for a more streamlined and satisfying shopping experience, and other retailers soon followed Federated's lead.

Perhaps the most innovative marketing idea of all affected not just the retail industry but the entire United States. Fred Lazarus Jr., the founder of Federated, persuaded President Franklin Roosevelt to permanently establish Thanksgiving permanently on the fourth Thursday in November, a strategic move that would secure more shopping days for consumers before the Christmas holiday. Talk about pushing the envelope!

HITTING THE RESET BUTTON

Faced with similar economic challenges, many people consider present times to be a second Depression. But the concepts that succeeded so brilliantly in 1930s America are hardly unusual in the current marketplace. There are millions of broadcast ads and infomercials on TV, radio, and even the internet. Many, if not most, brands have an outward manifestation of their identity plastered all over the actual product. And credit for consumers? If a store doesn't accept credit cards these days, it probably won't stay in business very long.

The goals for marketers in the 1930s were the same as they are today: Make your product stand out, make it desirable, and make sure your company is still around when the sun begins to shine again. As we continue to look for ways through the current financial crisis, it's time once again to disrupt the status quo and apply fresh thinking to our strategies and tactics, just as marketers did during the Great Depression. Difficult times call for creative methods and visionary leadership.

How will your brand be innovative in engaging and connecting with consumers? Some companies are finding ways to capitalize on the social networking phenomenon, with YouTube taking over the role once played by Ma Perkins. One apparel brand opens a dialogue with consumers through an online survey asking how they are dealing with the economy. Other companies are regularly "tweeting" back and forth with their customers, creating a transparency between brand and consumer.

Mickey Drexler, chairman of J.Crew, likens today's situation to consumers hitting the reset button where price and value are concerned. How will you — as retailers, brand managers, and marketers — respond to the challenge and hit your company's reset button? ■



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