

Stand by Me

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It feels like an eternity, but it was just a year ago that our presumptive prosperity crumbled and fell. We knew then what we know now—that the way we view corporations as brands, and ourselves as consumers, was forever changed.

Some *Hub* readers will recall a nationwide, email survey of more than 200 women we fielded to our *Articulate Women* network shortly after the economy tanked (*A Perfect Storm*, November/December 2008).

The survey captured the intense anger and frustration of the moment, as well as the raw sense of fear—of losing jobs, homes, retirement or the means to keep kids in college.

A year later, we fielded the same survey to the same 200-plus women, and it's clear that much has changed over the last twelve months. While our respondents appear to be no less fearful than they were a year ago, their anger is of a much quieter sort.

In the fall of 2008, the most popular word among our women was “greed.” When we asked what message they'd like to deliver to corporate America, most offered a scolding:

- “Don't be greedy!”
- “Cease the corrupt practices!”
- “Stop inflating your wallets which in turn deflated ours!”

This wasn't surprising, given that our survey arrived only days after Lehman Brothers went

bankrupt, AIG got a bailout and the stock market crashed. But it's hard to sustain anger for long. This year, the most popular word used by our respondents was not *greed* but *honesty*:

- “Be honest and forthright with your customers.”
- “Do what you say you will. Be honorable.”
- “Lower your prices and be honest.”

And most offered not a scolding but advice. Some of this advice was tactical (“*I tend to be swayed by product placement in the store.*”) and some of it more strategic (“*Find a way to sell premium products without the premium cost.*”). But almost all of it was constructive, which is very positive and a significant shift from a year ago.

This doesn't mean that it's time to sit back and relax, that all is well and back to “normal.” In fact, this year's survey not only captured a change in tone from a year ago, it also suggested a change in behavior. In fact, the percentage who said the economy had affected their lifestyle jumped eight points, from 23 to 31 percent.

Most of all, our women revealed a strong sentiment that they now strongly favor brands that demonstrate a true sense of caring about their employees and their customers:

- “Be honest, authentic and truly caring of your customers.”
- “Please care about the well being of your employees and their families.”
- “Your employees are your brand. Treat them with the respect they deserve.”

More specifically, this change in attitude has manifested itself in how our women evaluate brand loyalty. The percentage who said they were less brand loyal increased by eight points, from 47 to 55 percent. The number who said their loyalties had shifted

A year ago we were angry. Now we'd like some tender, loving care.

permanently, “in some cases,” increased by 11 points, from 44 to 55 percent.

These changes are reflected both in terms of the stores they shop and the brands they buy. They say they have switched to less expensive alternatives in grocery, drug stores, mass merchandise, apparel and sporting goods. The percentage who said they had *not* switched to less expensive stores dropped by 12 points, from 30 to 18 percent!

Among brands, our women say they have switched to less expensive alternatives in pharmaceuticals, cosmetics, insurance, food/beverage, health/spa, restaurants and entertainment.

However, where brand loyalties still exist, they remain strong, and sometimes even passionate. Among retailers, the most frequently mentioned loyalties were to Target, Trader Joes and the Gap. Among national brands, Tide, Coke, Barilla, Colgate, Kraft and Dove received the most mentions.

In many cases, the reason given for that loyalty was summed up in a single word: Value.

- “Value... is of more importance to maintain brand loyalty.”
- “Price/value/quality need to be balanced.”
- “Value your employees.”

However, many of the comments were notable for a lack of mention of specific brand names. Often the comments were general, such as:

- “I have remained loyal to certain brands because of the quality or taste they provide.”
- “Certain brands I trust; they perform well. I'd rather spend more on them than waste money on products that aren't as good.”
- “I'm cooking more at home, so I want food products I know will taste good; I'm buying more fresh food and less packaged food.”

And, of course, a good number of our women say they've tried private label, like it, and there's no turning back: “At the grocery store, I'm buying store brands.”

So, loyalties clearly are badly shaken, if not broken altogether. The question is how to win those loyalties back. When I addressed this issue a year ago, I quoted Jim Stengel, a former Procter & Gamble chief

marketing officer, who at the time was making a case for what he called “purpose brands.” The idea was that the brand should have a mission larger than itself.

This points in the right direction, but it all depends on what the mission is. Our survey found little interest in so-called “green” initiatives, for example. In part this is because of a perception—or reality—that green products cost too much. (“*Hate to admit it, but green costs more and money is tight.*”)

It's also because many of the women don't believe the “green” claims are for real. (“*It's a marketing gimmick for most of them.*”) As a consequence, there's been no significant change in the affinity for “green” brands over the past year, according to our survey.

However, the opportunity to purchase local brands is a related area where we did see some movement, with the percentage of respondents reporting more purchases of local brands increasing by 14 points.

This interest in “local” may well be indicative of the most important message from the survey: Our women are most interested in brands that mean something to them where they live. Literally.

THE SOCIAL ISSUE IS US

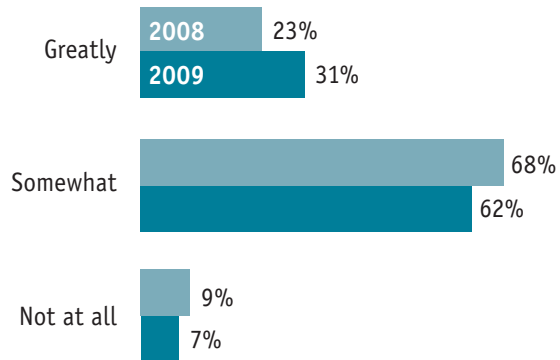
A particularly meaningful attitude informs views of “corporate social responsibility.” The importance of commitment to a social issue among our women actually *declined* by 11 points, from 43 to 32 percent (“*It is an added benefit, but not the main purchasing reason at all.*”).

What they're saying is, the social issue they're interested in is not some “cause” cooked up in a corporate boardroom: “*The social issue is us. We matter.*” They are looking for trust, and crying out for corporations to help them cope with their challenges.

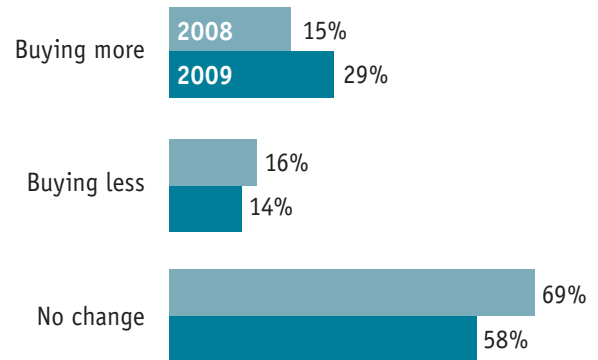
Over the past year, there's been a lot of price-cutting, but have there been any quality improvement along with the price-cutting? Are they treating their employees any better? Are they treating us any better? In too many cases, our women think it's just the opposite:

- “Quit shrinking the size of the item without shrinking the size of the packaging. Consumers aren't dumb or unaware.”
- “It's frustrating to waste your money on something that doesn't last or do the job.”

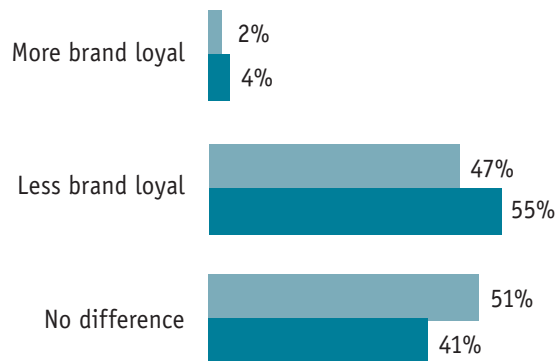
How much has the economy affected your lifestyle?



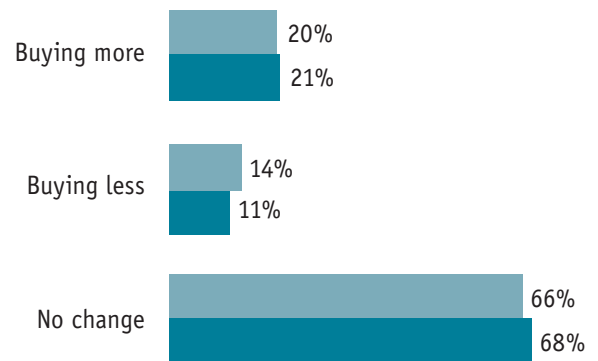
How has the economic situation affected your purchase of local brands?



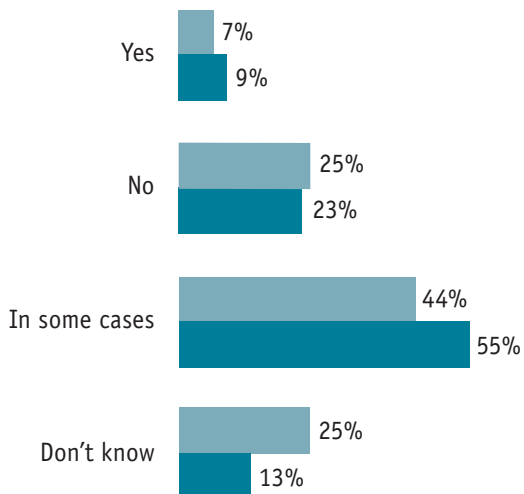
How has the economy affected your brand loyalties?



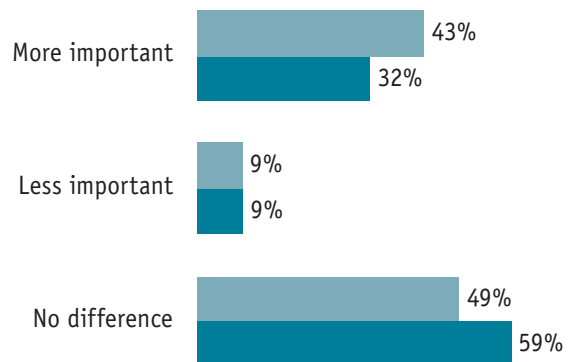
Has the economic situation affected your purchase of "green" brands?



If your brand loyalties have changed, do you think these changes are permanent?



Given current economic conditions, how important is a company's commitment to a social issue in your purchase decisions?



Source: WomanWise LLC

→ “So many corporations are trying to think of crazy products that most don’t use on a regular basis.”

One of our women singled out Hyundai for special praise:

→ “I find a growing interest in organizations that understand the economic situation and speak to and offer their audience alternative ways of purchasing their product... Even after cash for clunkers ended, Hyundai offered a similar program to their consumers. Chances are, when I buy a car, I will look at Hyundai first.”

It’s no coincidence that while much of the rest of the automotive industry is struggling, Hyundai is doing relatively well. According to the *Wall Street Journal*, Hyundai’s U.S. sales “increased .8 percent over the first eight months of this year, while Ford’s dropped 25 percent and GM’s 35 percent.”

This is especially remarkable considering Hyundai’s reputation for quality problems when it entered the U.S. market in 1986. But starting 10 years ago, following its acquisition of Kia, Hyundai not only addressed those problems but also *backed them up* with extraordinary 10-year, 100,000-mile warranties.

It wasn’t just a publicity stunt either, because Hyundai’s quality improved dramatically and now tops the J.D. Power rankings for non-luxury cars. Earlier this year, during the depths of the recession, Hyundai also introduced an “Assurance Program,” which allows its customers to return their cars if they lose their jobs within a year of purchase.

So far, only 50 cars have been returned, but the message is clear: *We care.*

Unfortunately, it’s harder than it should be to find examples as good as Hyundai (if you have one, please email it to me at dmolitor@womanwise.com).

In this issue of the *Hub*, Zappos CEO Tony Hsieh talks about the importance of empowering employees as a key to building loyalty from within (see page 26). And Joe Dobrow, chief marketer of Sprouts Farmers Markets articulates a philosophy of loyalty that’s all about making shoppers feel personally connected to the store and the people who work there (see page 8).

Another supermarket, Fresh Market, is impressive for its efforts to define loyalty where our women say it means the most — at home. The chain is based in North Carolina, but as it stretches North, its customers would be hard pressed to find evidence that it is anything but a local store.

Walk into a Fresh Market store, and once you

absorb the wonderful sensory experience of sights, sounds and aromas that say “fresh,” you can’t help but notice that little signs dot the store, flagging a good number of items as “local.” The store’s staff underscores this with a warmth and friendliness that says, “Hey, we’re your neighbors and we care about this place, and we care about you.”

What ought to worry national brands is that there really is only one brand that sticks, and it’s the Fresh Market brand. The retailer is consciously building loyalty to itself, and doing so in new and refreshing ways that truly align with the idea that loyalty begins at home.

What is striking is the simplicity of the concept, which when you think about it is at the very core of what marketing is supposed to be about: putting the customer first. It’s amazing how often we lose sight of this.

And so it’s a year later — so much has changed and so much remains the same. Women are not ready to forgive, and they certainly do not forget. Their values have changed, and they are watching and waiting to see what’s up with ours, as marketers. What have *we* done?

Women are saying, “*we matter.*” They’re saying, “*the social issue is us.*”

Whatever we do, we need to make it highly relevant to their values because our ideas of “corporate social responsibility” might not be working for them, and therefore it won’t work for us. What women want from us is not only to support *causes* but also to support *them.*

The perfect storm is over, much of the anger has subsided, and there’s calm after the storm. It’s all about insight. Listen carefully and we can find our way back, if only we *hear* their voices:

→ “*We are in this world together.*”

→ “*Help us... we will remain loyal.*”

→ “*Remember the little people.*” ■



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