Estrategias de Branding y Marketing para ganar en tiempos de crisis

Presentation for "Thoughts about the future: the markets in 2011"

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A. Strong brands are more successful in times of crisis
Strong brands are significant more successful than industry average – Even in times of crisis

- Winners of the German Brand-Award of the last 10 years
- 27 companies from various industries
- Development in the years after being awarded (starting from 2001)
- Revenues and EBIT growth strongly above respective industry average
Power brands contribute high brand energy and mass

**BEST BRAND RELAUNCH**

- LOEWE
- DWS
- MINI
- GEROLSTEINER
- NIVEA
- WURZENER
- Jägermeister

**BEST NEW BRAND**

- Z4
- FORMIGRAN
- O2
- ACTIVA
- Pringles
- Chinawoo

*Brand recognition, usage (conversion), brand portfolio, brand differentiation*

> Market share
> Relative market share
> Brand recognition
12 essentials of customer centric marketing learned from winning brands

I. Understand your target groups and focus on them
II. Tailor your brand’s core to your target group
III. Closely tailor your brand’s USP to your target group, but differentiate it clearly from the competition
IV. Make sure all elements of the marketing mix are in line with the brand’s core and are based on your target group’s values and behavior
V. Orchestrate all customer touch points in terms of content, timing and activities
VI. Persevere, stay focused and don’t stray
VII. Tightly coordinate brand launches and management of all marketing mix elements
VIII. Focus your targets and management systems rigorously on your target group and make sure there are no contradictions
IX. Don’t forget that customer-focused employees are the best ambassadors of your brand
X. Closely monitor brand performance and continuously improve performance vis-à-vis your core target group
XI. Align your pricing strategies to your brands’ USPs and your target group’s price sensitivity
XII. Efficiently communicate with your brands’ target groups by orchestrating all your touch points with them

Source: Roland Berger Strategy Consultants
B. How to implement Customer centric marketing
Customer Centric Marketing focuses all energies on the successful customer approach.

INTEGRATED CUSTOMER UNDERSTANDING

- Values
- Needs
- Behaviors
- Decision patterns
- Customer value

INTEGRATED CUSTOMER APPROACH

Brand
Offer product/service
Campaign/Promotion
Price
Channel
Sales

Customer centric enterprise

Customer centric (M/S) organization

R&D
Production
Supply chain

Marketing
Sales

Brand
Offer product/service
Campaign/Promotion
Price
Channel
Sales

INTEGRATED CUSTOMER UNDERSTANDING

- Increase customer satisfaction/loyalty
- Top line growth
- Margin/cost optimization

INTEGRATED CUSTOMER APPROACH

> Values
> Needs
> Behaviors
> Decision patterns
> Customer value
Two elements of advanced customer understanding: a comprehensive, demographic database plus the value system

Elements of the RB Profiler

**QUANTITATIVE DATA BASE**

- Socio-demographic data
- Socio-economic data
- Product/brand awareness & usage
- Consumption behavior
- Interests & Attitudes
- Values, needs & desires

Enormous pool of quantitative data available for economic assessment, product- and service-design, marketing campaigns etc.

- Existing databases from more than 200 projects
- Individual market researches

**RB PROFILER VALUE SYSTEM**

20 general customer values in 6 specific clusters describe the needs of people or the values addressed by brands

- The RB Profiler value system is the result of extensive research, many years of branding expertise and continuous refinement

Source: Roland Berger Strategy Consultants
20 general customer values, desires and aspirations used to measure needs of customers and values addressed by brands

Traditional Hedonism

- Tranquil
- Clanning
- Prestige
- Vitality
- Classic

Altruism

- Purism
- Fair
- Nature

Moneyism

- Smart Shopping
- Total Cost

Traditional Performance

- Security
- Quality
- Service
- Proven

Progressive Hedonism

- Carefree
- Thrill & Entertainment
- Cool & Trendy

Progressive Performance

- Customized
- Personal Efficiency
- Innovation/Protech
It's key to measure, visualize and analyze the values and desires of individuals or groups of people.

Example: Individual customer profile "Juan"

Juan is a very modern, progressive person. He finds new, innovative technology and trendy products very thrilling and demands customized, service-oriented and top-quality products. Money is not an issue for Juan – he is ready to spend. Ethical values do matter for Juan – he is open to new things and worries about society and the environment.

Source: Roland Berger Strategy Consultants
Identifying consumers with homogenous needs and behavior is the starting point for increased commercial impact of brands.

Example for homogenous consumer Archetypes

<table>
<thead>
<tr>
<th>INDIVIDUALS</th>
<th>VALUES-BASED CONSUMER ARCHETYPES(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditionalists</td>
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<tr>
<td></td>
<td>Progressive Performers</td>
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<tr>
<td></td>
<td>Traditional Hedonists</td>
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<tr>
<td></td>
<td>Modern Emotionalists</td>
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<tr>
<td></td>
<td>Minimalists</td>
</tr>
<tr>
<td></td>
<td>Progressive Individualists</td>
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<tr>
<td></td>
<td>Rationalists</td>
</tr>
<tr>
<td></td>
<td>Maximalists</td>
</tr>
<tr>
<td></td>
<td>Egomaniacs</td>
</tr>
</tbody>
</table>

1) Share of consumers

Source: Roland Berger Strategy Consultants
Rationalists demand high personal efficiency at attractive prices and neglect emotional aspects – example Spain

**Main Personality Characteristics – “Value demography”**

**Pro-Values:** Protech and efficiency seekers; Technocrats; Price seekers

**Anti-Values:** Reject emotional values; Individualists

### Telecom usage

#### Internet

- **Brand split (%)**
  - Telefónica (54.9%)
  - Orange (9.3%)
  - Ya.com (6.8%)
  - Jazztel (2.1%)
  - Tel2 (0.8%)
  - Other (5.9%)

- **Market penetration (%)**
  - 40.8

- **Average expenditure (EUR)**
  - 31.5

#### Pay TV

- **Brand split (%)**
  - Telefónica (40.3%)
  - ONO (40.3%)
  - Digital+/Sogecable (49.3%)
  - Orange (2.9%)
  - Ya.com (1.2%)
  - Other (7.9%)

- **Market penetration (%)**
  - 54.0

- **Average expenditure (EUR)**
  - 41.7

#### Bundles

- **Brand split (%)**
  - Telefónica (45.4%)
  - ONO (31.7%)
  - Digital+/Sogecable (49.3%)
  - Orange (2.9%)
  - Ya.com (1.2%)
  - Other (7.9%)

- **Market penetration (%)**
  - 24.9

- **Average expenditure (EUR)**
  - 58.9

### Key Economic Figures – “demographics”

- **Size (%)**
  - 10%

- **Income index**
  - 4.4

- **Main purchase driver**
  - Facts & figures

- **Economic relevance (1-9)**
  - 3

Source: Roland Berger Strategy Consultants; actual project example
The values addressed by brands allows to forecast consumption behavior

Understanding consumption behavior

CUSTOMER "JUAN"

> **Juan** likes innovative technology, trendy, customized products and good quality. He is neither an adventure-seeking person nor price-sensitive.
> **Juan buys at El Corte Inglés** — it is expensive, but stands for efficiency and quality.
> He does not like the minimalistic image of Dia.

CUSTOMER "CARMEN"

> **Carmen** is a serious and altruistic person. She is very concerned with the prices and even compromises on quality and service.
> The performance-oriented image of El Corte Inglés does not attract her — it is too expensive.
> **Carmen buys at Dia** — it addresses her needs for minimalistic products and low prices.

Source: Roland Berger Strategy Consultants
The values of the customers build the profile of the market drivers in the industry.

Source: Roland Berger; project examples
With RB Profiler, Actual Value Perceptions (AVP) of all consumer brands can be measured and analyzed

Examples – Actual Brand Perceptions

Source: Roland Berger Strategy Consultants; Actual project examples
Customer segments and brand profiles are the basis for the commercial positioning process – the joint space

The "Joint Space" is (a room to illustrate how close value profiles are towards other based on multi-dimensional scaling analysis) our unique way of visualizing all target groups (archetypes), own brand(s) and competitors' brands in one space.

This overview of entire competitive landscape lead to core questions:

- Which kind of customer types are addressed by the different brands?
- Does my brand portfolio allow for a maximum market penetration with minimum risk of cannibalization?
- Do market gaps exist that allow for additional market potential?

Source: Brandmark, actual project; Roland Berger Strategy Consultants
Focus on specific target groups and their values drive the economic success of a brand

**JOINT SPACE – AUTOMOTIVE**

**REMARKS**

> A **strong and differentiated brand** with a clear **target group focus** are a core lever for economic success.

> Joint space shows the **average development** of the **analyzed brands** in the past 10 years.

- **Volume increased** – growth >1% p.a.
- **Volume constant.**
- **Volume decreased** – decline >1% p.a.

> Brands with a **clear target group focus** and a **focused brand positioning** are more successful – development of course also influenced by other criteria.

**PERFORMANCE**

- Mercedes-Benz
- Audi
- VW
- Peugeot
- Toyota
- BMW

**TRADITION**

- Renault
- Opel
- Skoda
- Ford

**INDIVIDUALISM**

- Toyota
- Peugeot
- VW
- Renault
- Audi
- Mercedes-Benz

**Source:** Brandmark, actual project; Roland Berger Strategy Consultants
The RB Profiler provides one integrated methodology to segment the market and develop targeted value propositions.

**Areas of Application**

**MARKETS & CUSTOMERS**
- Market, customer and competitor analysis
- Market and customer segmentation
- Economic assessment of market and customer segments/potentials
- Customer insights – comprehensive customer understanding
- Analysis of effectiveness and efficiency in marketing & sales
- Marketing Controlling: measurement of Brand & Marketing KPIs
- Business planning
- Campaign & response tracking

**BRANDING**
- Analysis of actual brand perceptions of own and competitor brands
- Development of future/target brand positioning
- Review and development of brand strategies
  - Brand portfolio/architecture
  - Brand extension
- Review, development and evaluation of marketing communications, pricing or sales/POS concepts
- Strategic campaign management
- Product and service design
- Sales activation concepts
- Loyalty concepts

**MEASUREMENT & CONTROLLING**

**MARKETING & SALES**

Source: Roland Berger Strategy Consultants
C. Case study: Successful in turbulent times with Customer Centric Marketing
Successful repositioning of a leading German fashion brand in times of crisis

Marketing Communication – project example

**STARTING POINT**

> Initial situation:
> - Customers largely unaware of sub-brands
> - Lack of differentiation in product, price and VM

> Project goal: Revive the brand and win additional customers

**BRAND STRATEGY**

> Build up umbrella brand via strong sub-brands
> Clearly differentiate the individual sub-brands’ positioning
> Identify, define and understand target groups in detail

**IMPLEMENTATION**

> Align product range and looks to specific target groups
> Differentiate visual merchandising, including differentiated shop window plan
> Design and launch separate sub-brand campaigns

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1) Visual merchandising

Source: Roland Berger Strategy Consultants
Esprit's initial perception was mainly based on two emotional elements

Initial situation

KEY REMARKS

> Esprit has the leading position regarding brand awareness and is clearly anchored in the mind of consumers

> But due to its broad penetration it has a rather democratic brand perception

> Only selective emotional attributes like "Prestige" and "Vitality" are perceived – rational and performance-oriented values like "Quality" and "Convenience" are completely missing

> "Cool & Trendy" as a driver for fashion and freshness is also not clearly perceived by the consumer

> The current brand value perception is mainly based on three reasons – communication, distribution channels, and differentiation of divisions

Esprit has to strengthen its emotional values, but also to drive the consumer perception in the area of rational values

Source: Roland Berger Strategy Consultants
Eight different consumer segments in the considered age segment 14-50 years identified

- **MINIMALISTS** (11.7%)
- **HUMANISTS** (7.7%)
- **GENTLE MINIMALISTS** (9.1%)
- **SOCIAL HEDONISTS** (8.7%)
- **GENTLE TRADITIONALISTS** (15.3%)
- **RESTLESS INDIVIDUALISTS** (13.3%)
- **RULE BREAKER** (19.0%)
- **MAXIMALISTS** (12.7%)

Source: Roland Berger Strategy Consultants

1) 97% of total sample, 3% could not be identified
Two brand strategy: Target propositions developed for each sub-brand

Collection (description and TVP\(^1\))

Development of "Collection" sub-brand to a distinctive concept with a high fashion and quality claim

edc (description and TVP\(^1\))

Controlled rejuvenation of Esprit by positioning "edc" sub-brand closer to "Rule Breaker" and "Restless Individual"

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1) TVP = Target Value Proposition

Source: Roland Berger Strategy Consultants
To implement sub-brand strategies, detailed guidelines for every aspect of the marketing mix defined

Strategy implementation – example "Collection" sub-brand (extract)

<table>
<thead>
<tr>
<th>PRODUCT/PRICE</th>
<th>VM/STORE DESIGN</th>
<th>COMMUNICATION</th>
<th>DISTRIBUTION CHANNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Elegant, feminine designer look in style and cuts (e.g. dresses, skirts, tops)</td>
<td>&gt; Distinctive POS environment reflecting value, quality, and style (e.g. decorative items like flowers, vases)</td>
<td>&gt; Lifestyle-appropriate images and communication</td>
<td>&gt; Increased presence in own stores</td>
</tr>
<tr>
<td>&gt; Muted colors with selected color highlights</td>
<td>&gt; Large key visuals to increase visibility and to clearly differentiate from other sub-brands</td>
<td>&gt; Individual &quot;Collection&quot; sub-brand advertising campaign to increase brand awareness</td>
<td>&gt; Open free-standing concept stores as image drivers</td>
</tr>
<tr>
<td>&gt; Integrated feminine, chic lifestyle accessories, e.g. jewelry, leather bags</td>
<td>&gt; Clearly structured product presentation (e.g. key outfits)</td>
<td>&gt; City lights in key cities and image catalogs</td>
<td>&gt; Extended presence in wholesale channels, but:</td>
</tr>
<tr>
<td>&gt; High-quality fabrics</td>
<td>&gt; Active presentation of accessories in &quot;Collection area&quot;</td>
<td>&gt; Increased PR activities, e.g. product placement or editorials in high-fashion magazines</td>
<td>– Ensure highest level of control (e.g. VM)</td>
</tr>
<tr>
<td>&gt; Increased product fit</td>
<td>&gt; Urban chic store windows themes</td>
<td>&gt; Celebrity testimonial for PR</td>
<td>– Selection of appropriate stores</td>
</tr>
<tr>
<td>&gt; Starting prices above Casual level</td>
<td>&gt; Event sponsoring (community marketing)</td>
<td></td>
<td>– Appropriate location in store (e.g. neighbor brands)</td>
</tr>
<tr>
<td>&gt; Increased exit prices for key looks</td>
<td></td>
<td></td>
<td>– Selling defined product programs out of global range</td>
</tr>
</tbody>
</table>

Source: Roland Berger Strategy Consultants
The urban fashion style has to be consistently reflected in clothes and accessories

Women "Collection": Product

OBJECTIVES

> Differentiate from “Casual products”
> Represent smart urban international feminine fashion chic for a good price

CONCEPT GUIDELINES

> Direct towards fashion follower who reflects actual designer looks
> Increase feminine and rather sexy touch in product style and cuts to differ from "Casual"
> Focus assortment strategy on commercial urban formal and fashion daywear and only selectively cover fashion casual wear which need to be clearly distinguished from "Casual"
> Define core products and offer fast turning selected high-fashion products; continuously offer selected fashion highlights to drive image and to create desire – time-to-market is crucial
> Use rather muted colors like black, white, grey and beige/brown to attract the performance-oriented fashion woman – selectively add color highlights
> Integrate feminine, chic accessories to create targeted lifestyle value proposition
> Focus on combinations, skirts, and blouses as strategic products
> Offer elegant and extraordinary dresses as a must-have for an urban feminine fashion retailer
> Strengthen product fit and quality – product fit has already been reviewed; special labeling with name of cut/fit will be integrated in product to ease buying process for the consumer
> The manufacturing has to be of high standard, but also the materials used should be easy to handle and up-to-date fabric

Source: Roland Berger Strategy Consultants
Products have become more feminine, guidelines for visual merchandising accentuate "urban chic"

Image shots of Women "Collection"
The new marketing campaign used much trendier images and differed more significantly from the other sub-brands.

Marketing campaign of Women "Collection"

> Communication is significantly different to other sub-brands
> Image shots have become much trendier in style and appearance
Major elements of the ESPRIT COLLECTION target position are included in the advertising campaign

Source: Roland Berger Strategy Consultants
The core values of the edc brand are implemented in the advertising campaign.
The repositioning of the Esprit brand was a major success – brand image changed as planned, sales increased considerably.

Development brand perception and worldwide turnover – Esprit

Actual Brand Profile 2003

Target Value Proposition 1) 2003

Actual Brand Profile 2007

REMARKS

> The actual brand profile of Esprit 2007 includes almost all intended focal points from the 2003 project – only the quality perception of Esprit needs further improvement.

> At the same time, worldwide turnover has increased considerably – at an average growth rate of 24% p.a.

Source: Roland Berger Strategy Consultants; Esprit Jahresbericht 2007; BCN Typologie der Wünsche (Mai 2007; n=2.017; Bevölkerung 14 Jahre und älter)