

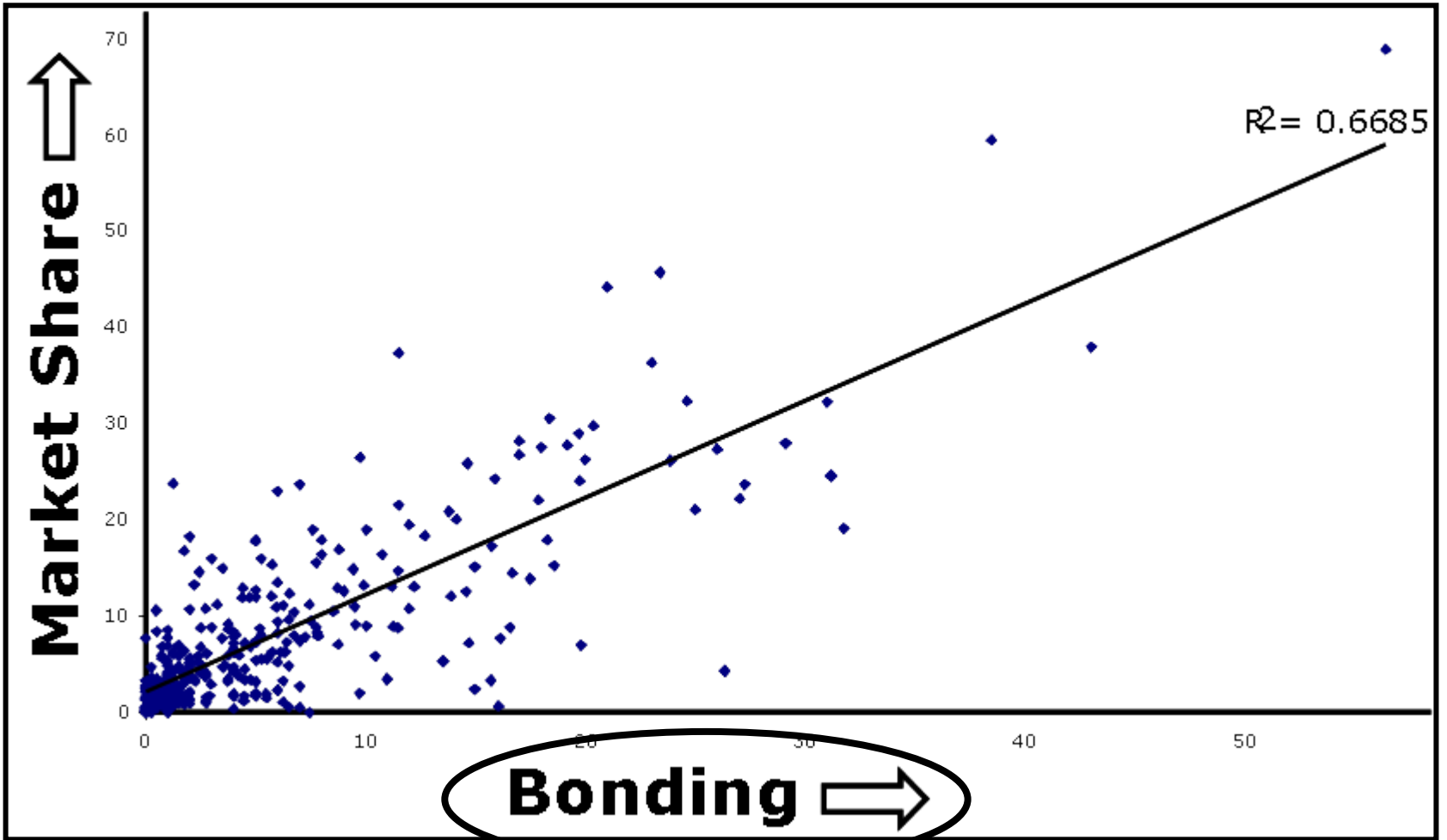
Managing Risk in a downturn: Implications for Brands



Peter Walshe

**Brands exist as
relationships with
consumers**

(and 67% of sales
explained by strong
relationship)



**Communications are
one of the major
contributors to
building and sustaining
the brand relationship**

(and adspend is a vital
component)

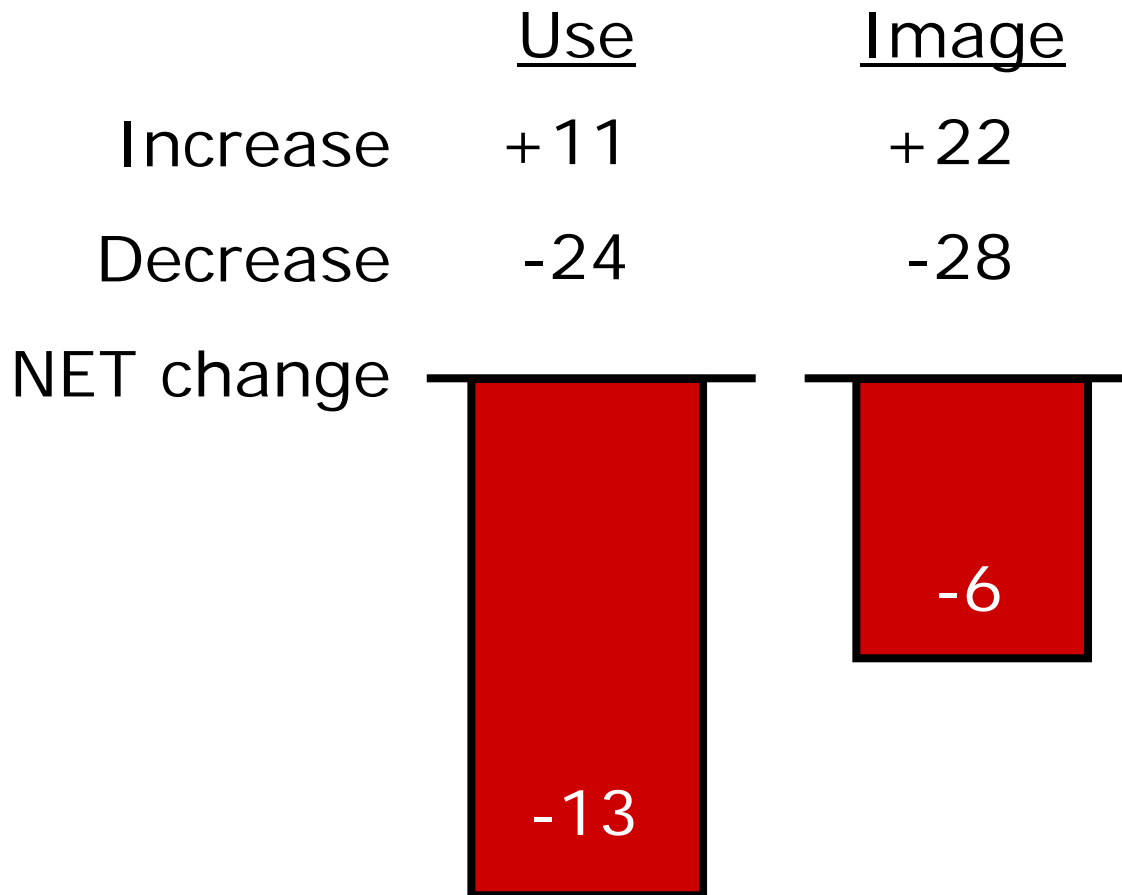




**Downturn: Temptation
cut the adspend**

Millward Brown evidence:

60% of brands 'going dark' **decline**
on at least one key brand metric
(i.e. relationship suffers)

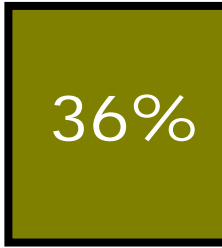


85+ Brands with no
TV spend for 6+mths

Recovery: increasing share (after a decline) is risky

Chance of
share increase

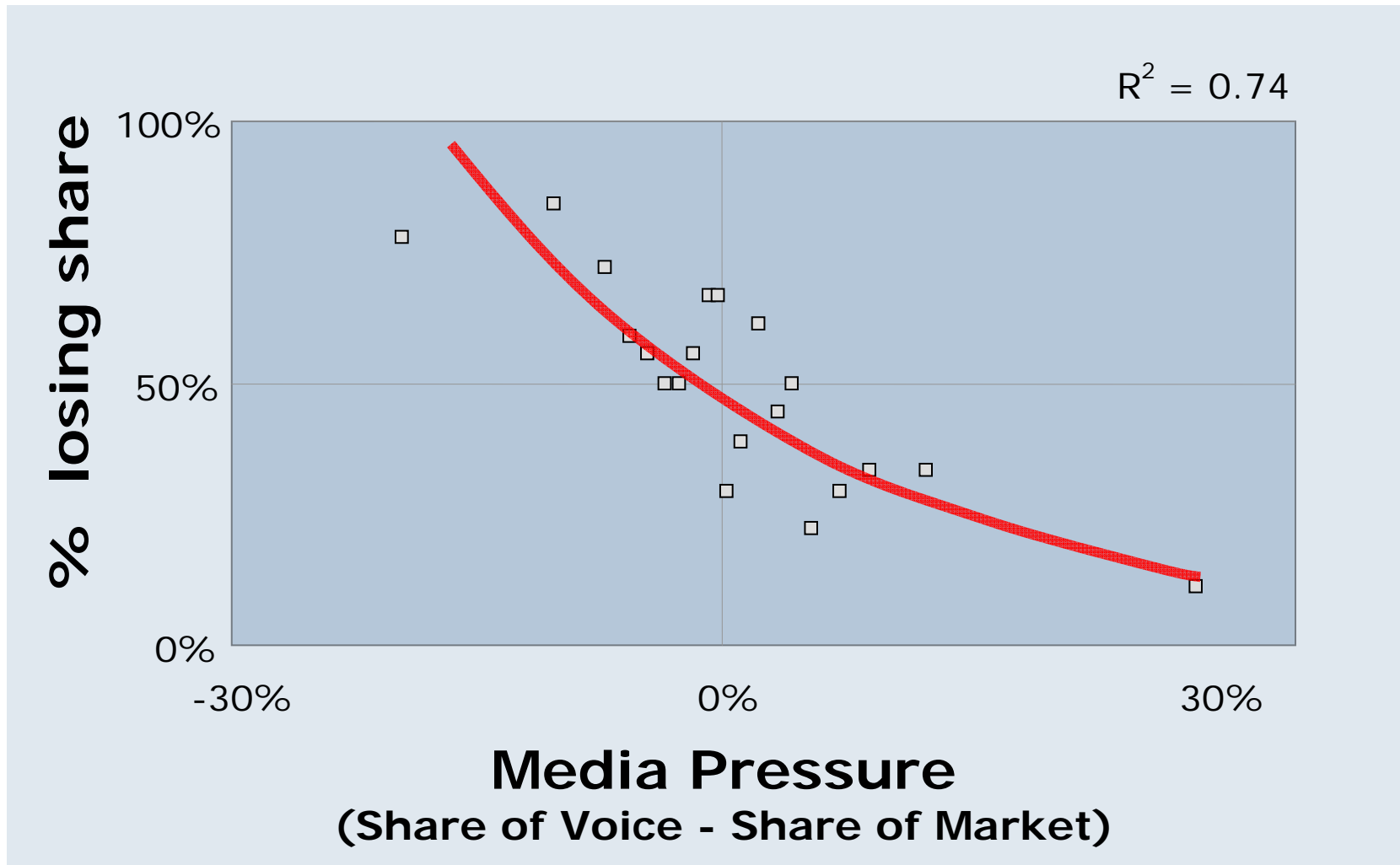
Share of
communications
awareness higher
than previous year



36%



Advertising Investment reduces risk



(354 brands grouped on the basis of relative ad spend)

If there is a bad downturn – what is different this time around?

Consumers can
'buzz' more and
quickly

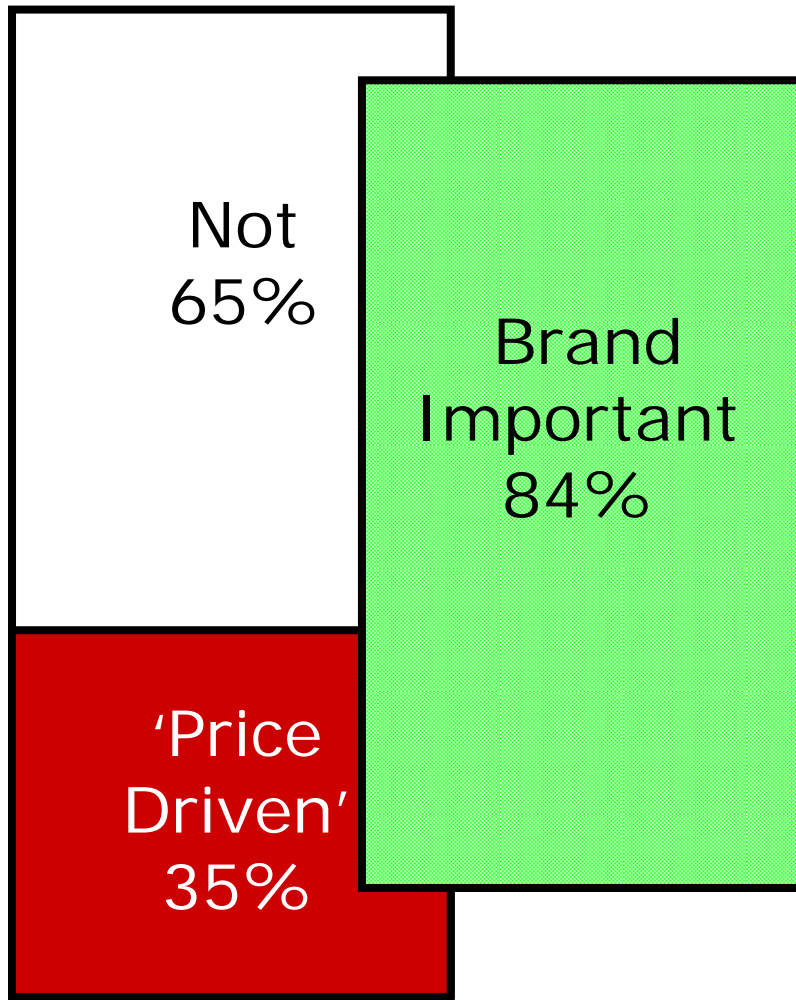


But there are opportunities...

Media advantage
(get the same for less
– and gain share of
category spend as
others cut!)

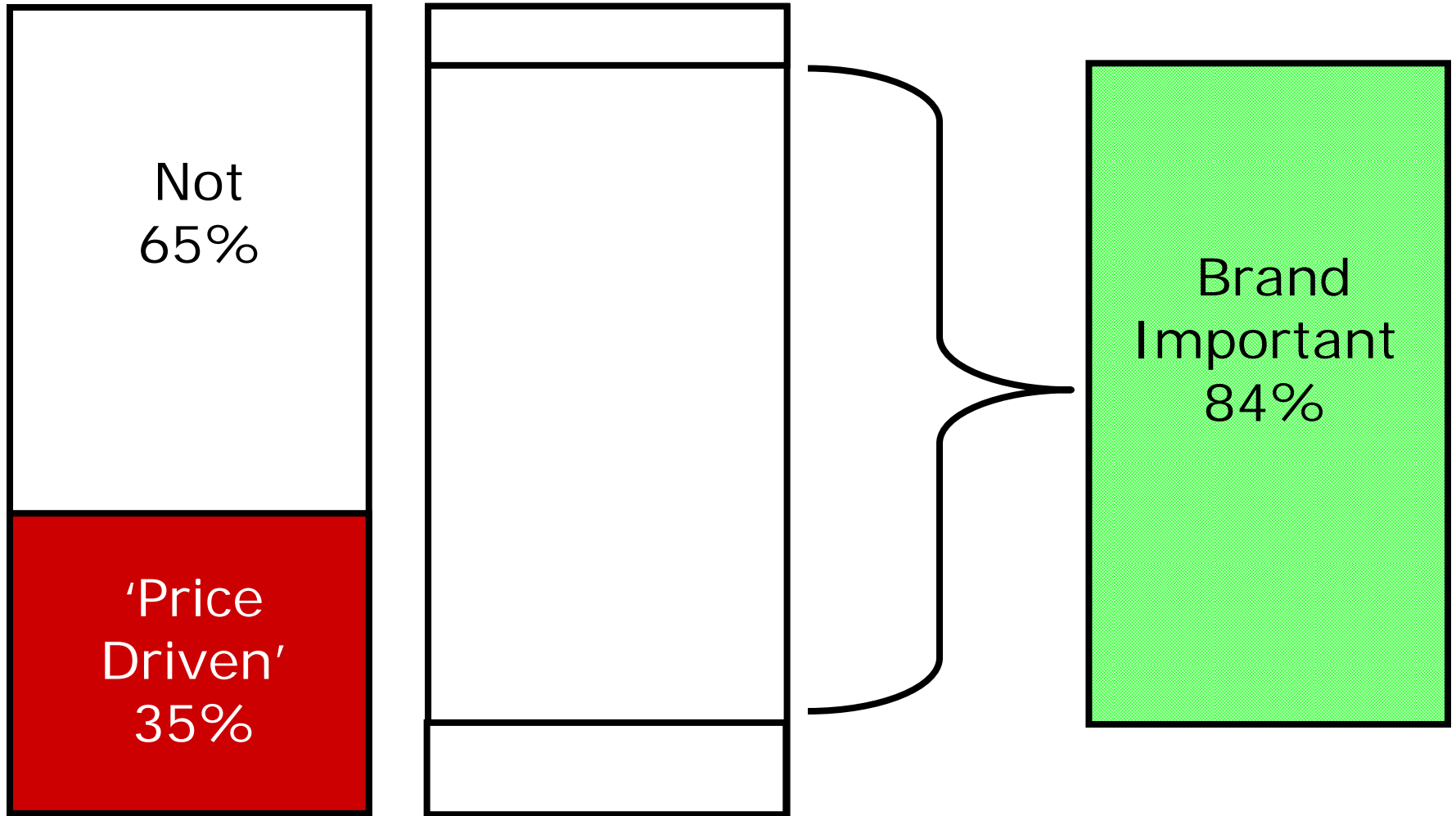


What about consumers...?



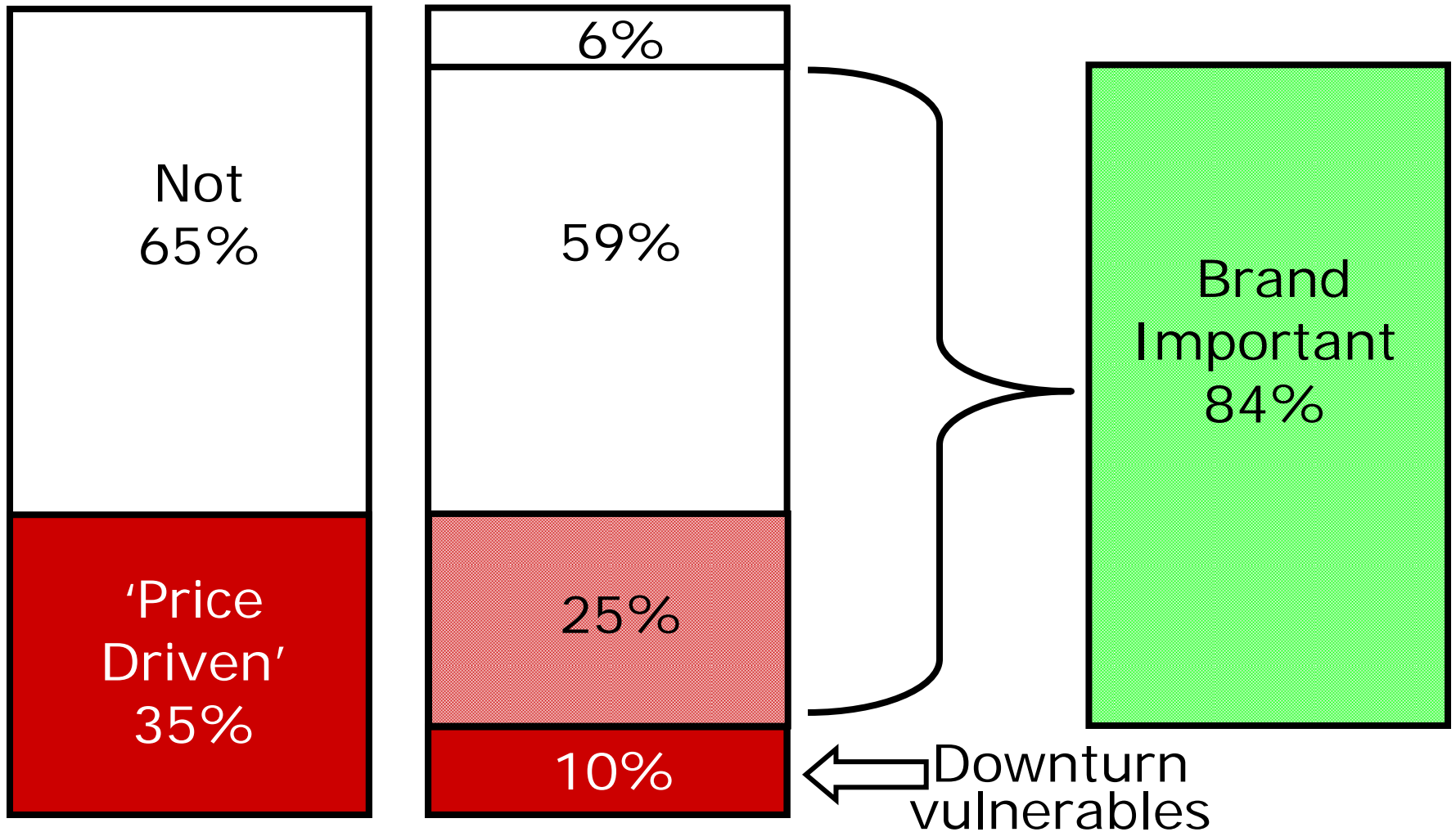
Source: BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

What about consumers...?



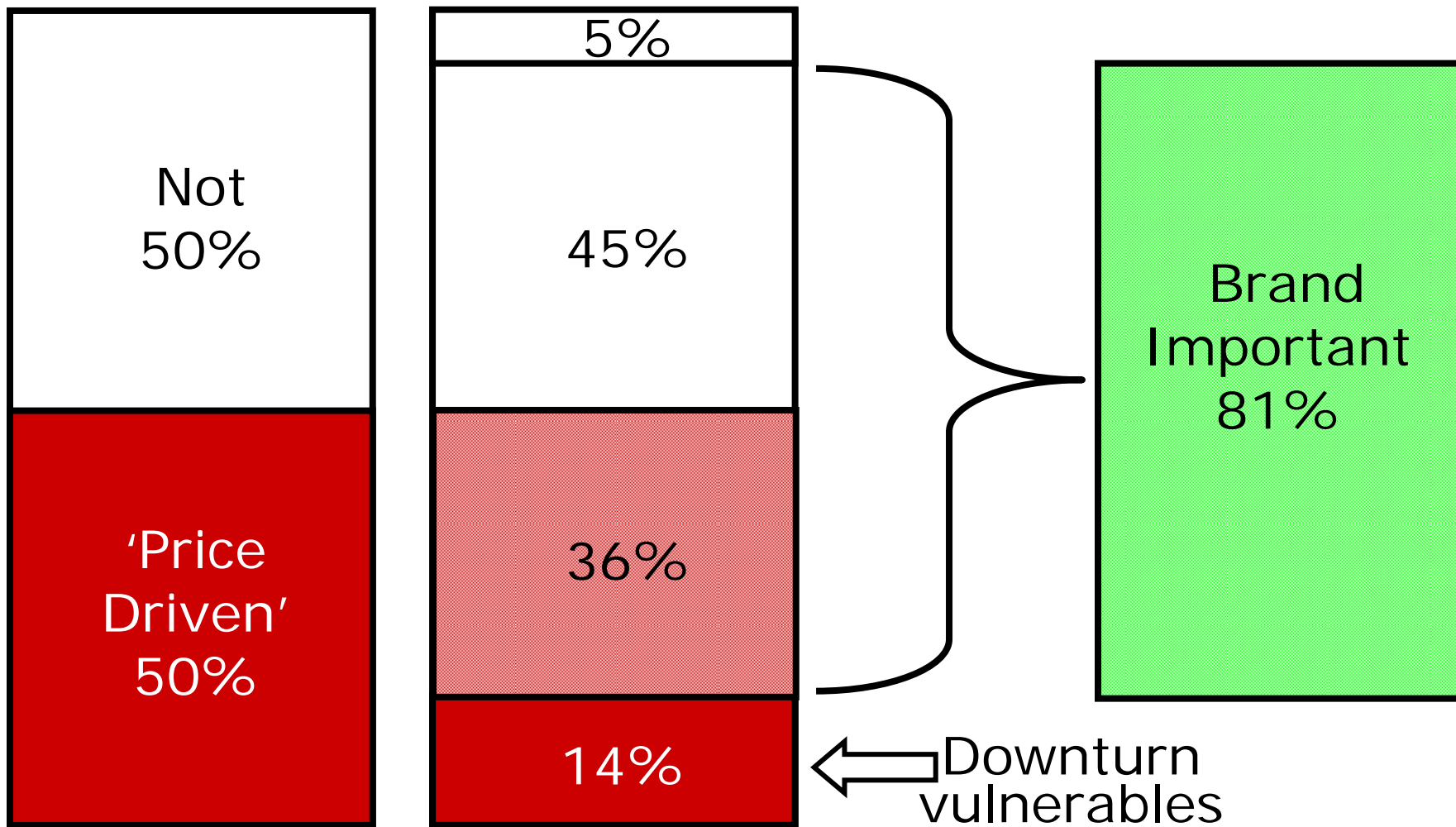
Source: BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

What about consumers...?



Source: BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

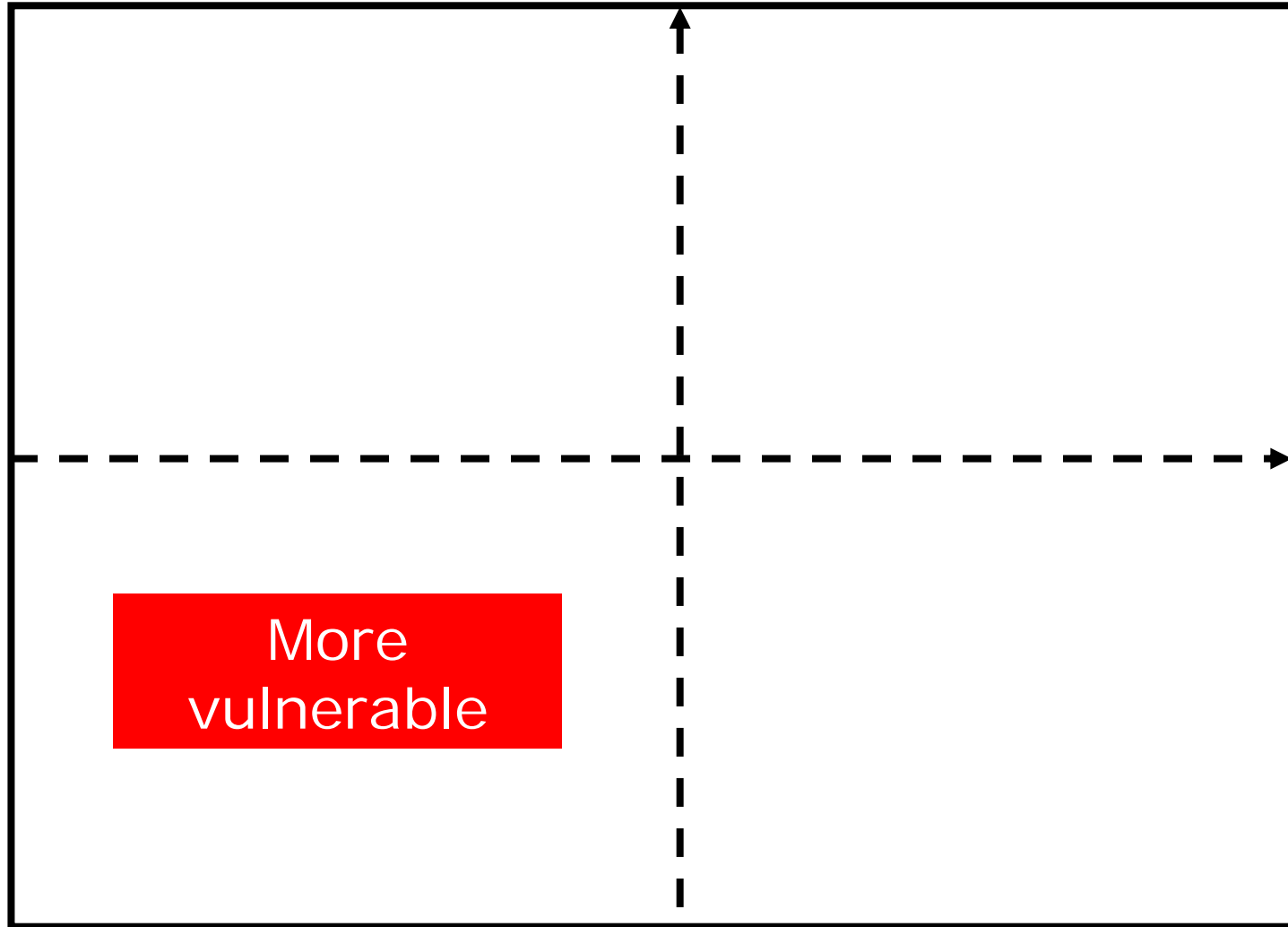
**But let's assume that
'Price Driven' increase
to 50%**



Source: BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

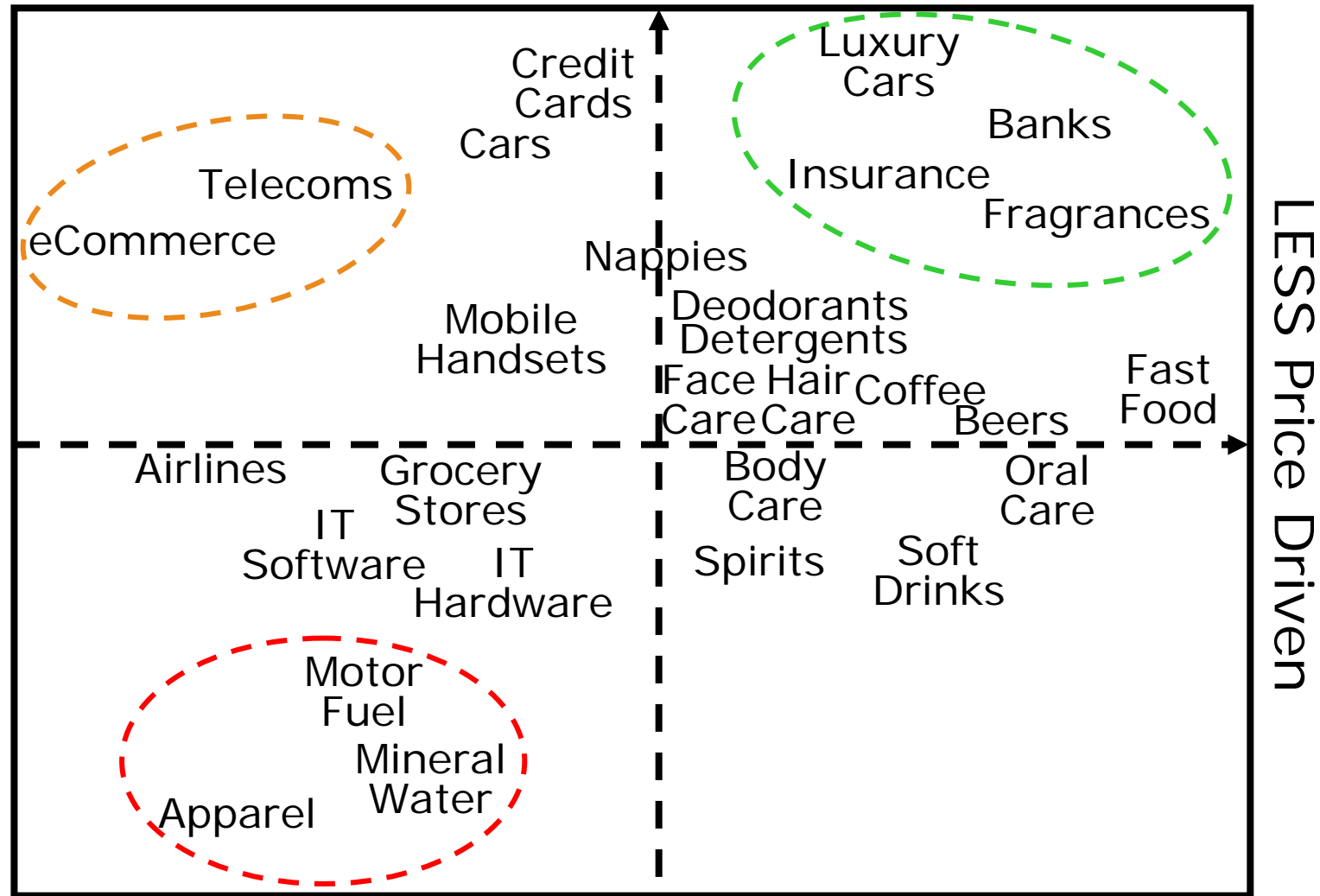
**Some are more equal
than others**

Brand Very Important



More
vulnerable

Brand Very Important



Source: BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

Implications for brands (1)

More sales are made because of the brand relationship than because of price **(Look after your brand)**

Price will become more important in a downturn, but the majority of 'price-driven' consumers also rate the brand as important **(Look after your brand)**

How do brands sustain relationships?

Sound business basics (good housekeeping)

Great product experience (cut it at your peril)

Clear brand associations

Perceived leadership

(Look after your communications)

Implications for brands (2)

Communications affect most elements of the brand relationship – going 'dark' is a big risk

(Keep your share of spend up)

Consumers talk and 'buzz' about failure and disappointment much more quickly than before

(Give people good things to talk about)

Know the tolerances of your brand

- customer segmentation
- how much advertising/communications drives sales

(Do your research)

And remember this...

***Brands are for life,
recessions come and go***