

EGG STRATEGY'S POV SERIES:

Leadership Brands



How to navigate down markets as a leadership brand.

In down markets, patterns around consumption change for consumers. Plenty of folks will say you need to investigate these changes, determining which consumption behaviors point to a fundamental shift in the market and which are temporary. At Egg Strategy, we do plenty of this work, and it's work worth doing.

But the conservative playbook many companies embrace to weather a recessionary period: cutting costs, reducing prices, halting longer-term initiatives, etc., creates a scenario that limits learning. For those playing by conventional rules, this may be fine in the short term. But brands with the determination to extend their leadership position or displace incumbents in down markets play by different rules.

Leadership brands lean into learning about consumers and leverage the power of their brand to nurture the relationship, build on that trust, and foster engagement. "How?" you ask! By meeting the moment - which requires knowing the moment you're in and reflecting that in touchpoints with your customer (e.g., advertising, promotions, customer interactions, etc.). The formula isn't that complicated. Here are a few highlights.



Leadership Brands Leverage their Understanding of History and the Human Psyche

We know consumers take stock of their spending patterns in tough times. Purchases deemed essential in a time of surplus may now be downgraded to “nice to have” (like buying name brands across the board when it comes to fast-moving consumer goods). Splurge and investment purchases may be delayed or, worse, drop off their radar entirely as they face their new reality and tighten their belts. It’s impossible to ignore Jeff Bezos urging consumers to postpone the purchase of new household appliances, major electronics, far-off vacations, or a fancy, new car. While recognizing the reality of your category is key, it doesn’t mean you have to accept this reality.

Throughout the pandemic, many hospitality brands reminded us of the importance of travel and escape in our lives, Marriott being one of them.

WATCH  **Marriott, Travel Makes us Human, Daring, Joyful**





Marriott's latest promotion further amplifies the human side of things. At a time when we're all feeling a bit pinched, Marriott has found a way to promote and provoke positive feelings about travel spend by splashing folks with points and perks that put rewarding benefits within reach.

\ WATCH Earn Status the Easy Way

It's clear that Marriott is leveraging their understanding of their consumers. The desire to travel still exists, but people may hesitate to book at a time when prices are high and the economic outlook is low. So, instead of focusing on savings, Marriott focuses on the potential of outsized gains. They're borrowing a bit from a contrarian investment strategy that predictably resurfaces whenever the stock market dips.

Airbnb is also tapping into the consumer psyche around investment and generating a return on your assets, allowing folks to turn even a spare room into rental income. It's a smart play that has the potential to extend their network of properties, as well as stretch consumer perceptions around rentals. We'll see how it plays out over time across both user audiences on their platform.

\ WATCH Airbnb, Empty Nest- Get Paid

A look at a key Airbnb competitor, VRBO, underscores how leadership brands do and don't act. Even though VRBO has been around longer, it's been acting more like a challenger brand lately as it continues to fight its way back from a rough patch, especially due to how it navigated cancellations early in the pandemic. VRBO's response to Airbnb's push for expansion is also playing out on the airwaves these days. Sure, VRBO is taking a stand against partial property rentals and pushing their "whole home" point of difference. However, given the broader economic environment, I'm not sure they've got the timing right on picking a fight as to whether renting the whole home is the only way to go. Leadership brands don't tend to miscalculate this way.

\ WATCH VRBO, Homes are Always All Yours

Leadership Brands Step Up, Not Back

This is a crucial idea, especially if you're a market leader or desire that coveted #1 spot. The relationships consumers have with brands can be tested during down times. Therefore, doubling down on nurturing trust is a must! Showing up in relevant and emotionally engaging ways, even when the broader outlook may seem grim, is the way to win. Stepping up to this challenge is exactly how a leadership brand operates to sustain sales, grow (not just maintain) market share, and meet financial performance metrics. Leadership brands find a path to a preferential position in consumers' minds even when consumers may have downgraded the way they look at the category in which their brand plays.

Tide stepped up to this plate in a big way lately. For the last year, they've constantly been running ads that serve up the cautionary tale that buying bargain brands may not be registering the saving you think.

\ WATCH 🎥 **Tide, The Bargain Jug**

We know value is important to consumers, but when everything in the grocery cart costs two to three times more than alternatives, consumers start to evaluate their choices. These ads serve as great reminders for consumers not to jump to conclusions too fast about savings. They break through in a no-bullshit way, making it easy for consumers to do the math on value brands. And, as a leadership brand, they break through via amplified media buys that show up for consumers multiple times a day. Annoying? Perhaps. Impossible to forget? Yes. A demonstration of the dedication a leadership brand must sustain to stay the leader? Absolutely!

With how expensive everything is these days, who doesn't love getting a deal? However, when saving a few bucks involves couponing or enrolling in cash-back programs, stereotypes and extra steps can hold people back. So, it's great to see a brand like Rakuten stepping up to make shopping sales, using coupons, and getting cash back way more accessible and mainstream. When you look at the simplicity of their system and the desirable brands consumers can reach, it's impossible to discount the power of showing how being a savvy shopper can be very fashionable these days.

\ WATCH 🎥 **Rakuten, The Extended Cher Cut**



Leadership Brands Fuel Fandom by Fine-Tuning their Approach

Leadership brands also need to apply nuance and creativity in how they engage consumers' emotions in a down-market context. Hyperbole can be effective but should be used with caution. Portraying real life and real problems can be emotionally draining. Leadership brands navigate through a delicate balancing act.

Rocket Mortgage's Super Bowl ad from last year did a great job of threading the emotional needle. It portrays real frustrations consumers face trying to buy a home during a housing bubble in a lighthearted way while also offering real solutions that could tip the scales in a home buyer's favor. In a world that has seemingly gone mad, you'd be crazy not to at least give Rocket Mortgage a try, right?

\ WATCH  Rocket Mortgage, Barbie Dream House

Leadership brands also use empathy-fueled approaches to selling superiority. Heartstrings aren't easy to pull. Plus, when you're pushing a point of difference, you often want to be direct and hard-hitting. Samsung has found a way to do both in the creative way it puts the camera for the s22 on full display. Turning "awwww" into "awesome" is an amazingly successful way to get consumers to warm up to your brand when the world has them feeling frustrated and emotionally frigid.

\ WATCH  Samsung, The Spider in the Window

One last example comes from a brand portraying travel as a necessity for maintaining holistic health in a humorous, contemporary way. In this recent ad from Booking.com, the need to literally "go anywhere" appeals to the bottom layers of Maslow's Hierarchy of Needs (Physiological and Safety) vs. the top of the pyramid (Esteem and Self-actualization), where promotion around travel typically plays. First, we couldn't travel due to the pandemic. Now, many still feel stuck at home due to high prices fueled by the sustained flurry of catch-up from previously canceled vacations. We all need a break from daily life, and this ad breaks through to land that message in a way that doesn't make you feel low but taps into the fact that we all know this feeling and can't help but nod along.

\ WATCH  Booking.com, Somewhere-Anywhere

IN CONCLUSION

As we continue to navigate market dips and sharp turns in the economic outlook, never forget that against this backdrop of chaos, consumers are looking for comfort, clarity, and stability. So, think about how you can step up as a leadership brand in a way that makes consumers sticky to you as they navigate sticky situations in life. Fortunately, unlocking insight you can apply as a brand to win the hearts and minds of consumers is a constant that applies in every market, especially down economies. And if you use the above tips to pivot the way you message, you can borrow a page from the playbook of leadership brands to set the tone for your category and lead in an accurate yet admirable way.



Check out our latest thinking by visiting our new website eggstrategy.com

1555 Blake Street, Suite 450
Denver, CO 80202 303.546.9311 PHONE
303.546.9237 FAX

125 S Clark Street, Suite 950
Chicago, IL 60603 312.572.6230 PHONE
312.929.3490 FAX

54 West 21st Street, Suite 404
New York, NY 10010 646.706.7776 PHONE
303.546.9237 FAX