

Wellness Message Helps Brands "Survive And Thrive" Amid Recession

Manufacturers can stem the tide of price-sensitive consumers defecting to less expensive competitors by emphasizing the long-term value and savings their products provide, marketing consultants say.

"Defection rates are increasing among health care brand loyalists" as consumers take "more pride in saving their pennies" during the recession, said Edward Kuehnle, president of St. Petersburg, Fla.-based Catalina Marketing Services.

Private label share of health care department sales increased to 34.1 percent in 2008 compared to 25.4 percent in 2007, according to Information Resources Inc., said Stephen Johnson, executive vice president and general manager at Chicago-based IRI.

Both men spoke March 13 at CHPA's Annual Executive Conference in Naples, Fla.

Pain medications and fever reducers were most susceptible to consumers trading down, with 52 percent surveyed recently by IRI saying they would switch to a lower-cost brand, Johnson said. Half of consumers said they would switch to less expensive cold/allergy/sinus tablets and 40 percent said they would switch toothpaste brands, Johnson added.

In addition, shoppers, who are "in a very fickle mood," right now, are shifting stores, channels and brands rapidly with almost 90 percent of people saying price is a key reason to make a purchase, Kuehnle added.

Affordability is the primary concern for shoppers today, agreed Johnson. But manufacturers should realize affordability "goes way beyond price. Shoppers are demanding quality, durability" and overall value, he said.

Strategy 1: Win The War On Value

With that in mind, one way to reduce defection is by winning the war on value, Kuehnle said.

One effective strategy is to highlight products' multiple uses.

Johnson said more than half of shoppers with children and incomes under \$55,000 annually look for products that treat multiple symptoms so they do not have to buy more than one.

Consumers also are purchasing products with broad family appeal, rather than a separate product for each household member, he said.

Offering coupons is another way to highlight value and protect against defection, Kuehnle said.

In the past four months coupon usage surged about 10 percent, and about 90 percent of consumers recently surveyed by Catalina say they will use coupons in the future, Kuehnle said.

In addition, 64 percent of consumers surveyed by Catalina said coupons help them learn about and try new products – something firms should keep in mind when launching new products or seeking to boost sales of existing ones, he added.

Many shoppers are "in a very fickle mood," with almost 90 percent of consumers saying price, not store or brand, is a key reason to make a purchase.
– Catalina Marketing

Strategy 2: Provide A Nudge

Another way "to survive and thrive during a recession" is to nudge consumers to buy OTC health care products to improve overall wellness and reduce medical bills in the long run, Kuehnle said.

"People are trying to take better care of themselves, which translates to fewer dentist or doctor visits," Kuehnle explained.

This mentality creates new marketing opportunities. For example, only 12 percent of the population flosses daily, he said. Thus, firms can boost sales by reminding the 88 percent of people who do not floss regularly that flossing can improve oral care and reduce dental bills.

Consumers are primed to listen to these marketing messages, added Johnson. He explained that 43 percent of shoppers with children and incomes under \$55,000 annually say they go to the doctor less now and self-treat more to save money.

Strategy 3: Make The Message Relevant

Firms can make health and wellness messages more effective and relevant by customizing marketing based on different purchases, Kuehnle said.

For example, a person who buys weight management products might receive on their receipt a coupon for pistachios that emphasizes how the nut helps control body fat. Another person who buys

heart health products might receive a coupon saying the nut lowers bad cholesterol, Kuehnle explained.

Another way to make marketing more relevant is to select an ad messenger that consumers trust and to whom they relate, Richard Edelman, president and CEO of the Washington-based Edelman public relations firm, said at the conference.

For example, consumers trust “academics, doctors, people with credentials and financial analysts – despite the problems in the financial markets ... and a person like yourself: a peer, a person with whom you share an interest,” he said.

“Celebrities have faded tremendously in being trusted,” and so have government officials and corporate CEOs, he said.

Firms also can market more effectively by reaching consumers in their home, Johnson said. He noted that in 2009, shoppers project they will make 76 percent of their purchase decisions before they go to the store. This is up from 60 percent at the beginning of 2008.

Again, an increasingly effective way to reach consumers at home is with coupons, which are “nice to have” in this economy, Johnson said.

Strategy 4: Identify Key Consumers

Hand-in-hand with making marketing relevant, is identifying and getting close to key consumers, Kuehnle said.

It “sounds fairly obvious, but in a time like this to weather the storm, it is necessary to identify and know who the profitable consumers are,” he said.

About 2.5 percent of shoppers drive 80 percent of consumer product purchases, and firms don’t want those consumers to defect to other brands, Kuehnle said.

Knowing who buys what products will help marketers further tailor marketing and make advertising messages relevant, he said.

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