



OUT OF THE

CHAOS AND RUBBLE

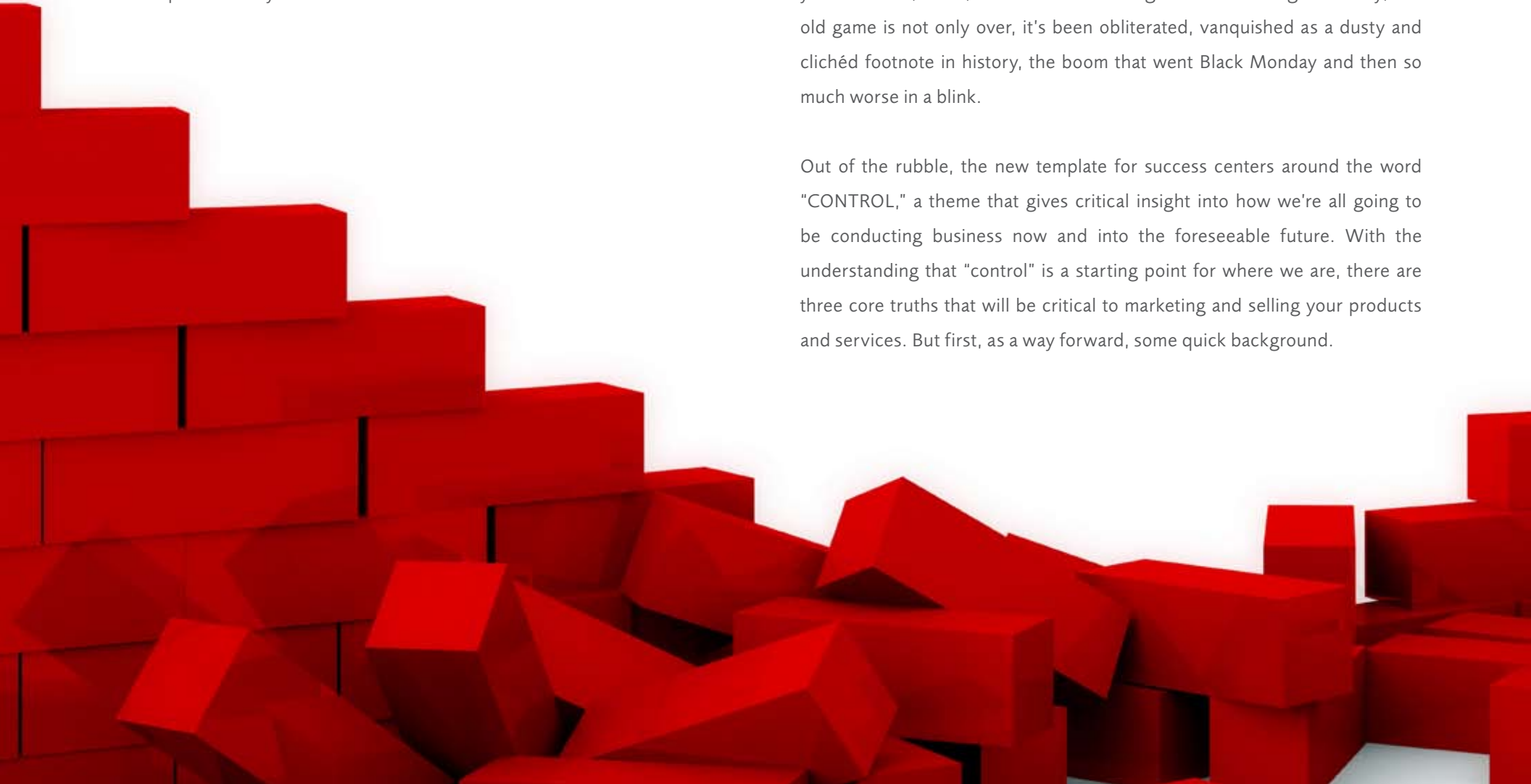
Three Core Marketing Truths for the New World Order

By Daniel T. Santy | Principal and CEO Santy Integrated



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Out of this economic collapse and woefully slow grind back up, there is a single word—as theme, subtext and all-encompassing signpost—that might best explain the way forward for businesses and marketers.

This new reality and template for success (and even survival) is going to be the same regardless of your product, service or market niche, or whether you're a CEO, COO, director of marketing or brand manager. Clearly, the old game is not only over, it's been obliterated, vanquished as a dusty and clichéd footnote in history, the boom that went Black Monday and then so much worse in a blink.

Out of the rubble, the new template for success centers around the word "CONTROL," a theme that gives critical insight into how we're all going to be conducting business now and into the foreseeable future. With the understanding that "control" is a starting point for where we are, there are three core truths that will be critical to marketing and selling your products and services. But first, as a way forward, some quick background.

WHAT JUST HAPPENED?

Far beyond the typical variance in business cycles, with somewhat predictable surge-and-recession patterns repeated over the last decades, the last two years are altogether different. Rather than a cyclical rewind, this downturn is a much deeper and darker fundamental reset. The normal down periods of the past were annoying gusts and nasty clouds spitting rain—temporary storms that drove people indoors. But when blue sky and sunlight reappeared, consumers quickly picked up where they had left off when the storm clouds first roiled.

At the risk of hyperbole, this economic meltdown has been a Category V hurricane and a financial tsunami, sweeping aside more than \$10 trillion in household wealth in the United States (Bridge Strategy Group, June 2009) and shattering consumer confidence worldwide. And most important, there is a growing realization that the past few years have already altered consumer behavior on deep psychological levels unlike anything since the Great Depression some 75 years ago. Whether it's this year, the next or 2011: When the sun does shine again, people are not going to pick up where they left off. Not this time. And therein enters the import of the key word.



CONTROL—A HUMAN NEED

When economic events exert such gut-wrenching recessionary pressures, whether in the United States or Western Europe, we feel a profound and complete loss of control, which is a fundamental human need in order to function properly. We need to know the floor beneath our feet will support us, that the ceiling will stay in place and keep us dry and safe. Take this baseline level of certainty away, and what we've lost is a sense of predictability about how to function in the world. Without at least a modicum of certainty in our lives, we shut down as individuals and as a society. Right now, with the state of the economy, we're no longer sure what is certain.

When this happens, we as human beings instinctually look for ways to reinstitute and accelerate our level of control over our surroundings and the larger world. People embrace new behaviors, habits and patterns to take back a sense of power. According to research, some 75 percent of consumers have altered their purchasing behavior over the last year, including everything along the spectrum from cutting back to trading down to wholesale lifestyle changes. Another statistic to solidify that this is not a temporary pullback: three out of four of those consumers intend to continue these new behaviors when the economy brightens.



These changes are unfolding across all generations, from Baby Boomers to Gen X. While the specific behavior evolutions within these demographic groups might be different, the constant is that each of your audiences is changing because priorities are changing. According to a survey from Context-Based Research Group, this new breed of "grounded" consumer is less defined by deriving self-esteem from material possessions. Economics 101 tells us that if consumers are fundamentally going to be limiting the amount of "stuff" in their lives, that translates into a permanent downturn in demand. These changes in how consumers operate rewrite the old laws and even move into existential territory, with surprising new questions.

- Where do I get meaning in life and in this new reality?
- Does what I'm doing make sense anymore?
- If not the shopping mall, where do I go to get deeper sustenance in this life?
- How does my behavior affect my family, the larger community, the nation, the planet?
- Am I acting in sane and sustainable ways?



So everything's changed; thanks—you may be saying—for pointing out the obvious. Well, here's the rub: as the questions continue to arise from a collective mindset shift, our marketing world contains three new core truths.

NEW TRUTH #1:

We must analyze what we're doing to address the new business and consumer reality.

In other words, if everything's changed, which all empirical and anecdotal data points to as fact, how do you market effectively to address this new consumer? More specifically, do you understand who your new audience is, and what to say to them that is relevant and compelling?

Once again, this is not a timeout, a pause, a resting period until things go back to The Way They Were. Could that happen? Perhaps. But you might get better odds at any table at the Hard Rock Casino in Las Vegas. If you're still in denial, pushing out more stacks of chips until "it goes back to the way it was during the boom," you're likely in trouble.

If the Great Depression is the best precedent we have, then consider how that period shifted the worldview, spending habits and life philosophies of an entire generation of people for decades. Not months or even years, but entire lifetimes. The landscape of buying, spending and saving changed for those people, and when they came out the other side a great majority never went back.

That's why people who lived through the Great Depression did things that struck many of us as odd—like your grandmother saving, washing and re-using the same Ziploc bags longer than many people keep the same car before trading up.

We as consumers—whether in the 1930s or 2000s—didn't consciously set out to make these changes; we were driven to change in order to regain that missing control in our lives. Month after month, and now numbering in years, these changes are becoming ingrained lifestyle shifts. People look around and say, "Everyone still loves me. I'm not a bad person because I'm buying and owning less; do I really need to ever go back?" In fact, there is growing pride in frugality as a badge of honor.

A few weeks ago, for example, a client with a seven-figure bank account was proud to share shopping details about the bargains to be found at Walmart. Any remaining stigma that might have been attached to penny-watching seems to have been washed away for good. That it's happened by default is irrelevant; what is relevant is that we've permanently changed our behavior and begun a new era of "non-conspicuous" consumption.

Likewise, everything about your business landscape is changing. Are you preparing to operate in this new reality, or are you still focused on how many widgets you're moving off the shelves? Be careful, because those of us who don't note the changing markets and make the shift will get swept aside by the turmoil and change.

The consumers looking for goods and services today are not the same consumers who were shopping five years ago. And if that is the case, then we're all going to need new ways to reach them.

NEW TRUTH #2:

We must create new messages about our brands—by changing the value proposition—that will resonate in the new consumer mindset.

A key understanding here is that people still desire the same great products and services. The new challenge, however, is that with the raging river of easy credit all but dried up, consumers are much more reluctant to tap their wallets. And when that happens, businesses and marketers have to change the value proposition they're putting forward.

In other words, if people feel better now about not consuming, how do you effectively reach them? And how do you get them to spend those shrinking discretionary dollars with you?

In the recent boom the price point became almost inconsequential. If a woman wanted a bag considered to be the best, then Gucci it was—and perhaps two or three for proper accessorizing. Now, however, price is a factor. In this example, the new value proposition might be the uniqueness of the bag or the quality of craftsmanship to create it.

The consumer probably cares a lot less now about emulating the latest celebrity who has the same bag slung across her shoulder. However, you might appeal to that same consumer with a value proposition around sustainability; i.e., spending a premium on quality now because the bag will always be in style—classic and timeless—and will last 10 years. That level of quality means less resources being used and negates the need to purchase more bags in coming years. Same bag, same consumer: different value proposition.

Necessity, therefore, is the new driver. We need to convince our audience that our offerings are necessary in her life, in his life, and for the entire family. This change is happening across all categories of products and services, which means: THE VALUE PROPOSITION going forward has got to change. Do you know your new value proposition?



NEW TRUTH #3:

We must understand channel integration to articulate our brand's (new value proposition) to the consumer.

By way of background, we are witnessing a twin shift that includes changes in consumer behavior and a media shift driven by both the recession and technology. A prime example that demonstrates this parallel change is something we call Three Screens: our cell phone/mobile device, notebook computer and television. These three screens are increasingly capturing more and more of our time, especially as technology continues to drive rapid integration of these "channels."

These changes bring about new opportunities for each of us to find the things for which we're looking, communicate about them and, ultimately, make purchase decisions. As people reach these decisions in new ways, important questions arise: Is your message worthy of their attention, time and money? Is your relevant and compelling message integrated into these increasingly sophisticated three screens?

To borrow the cliché, embracing this truth is not about if we should but rather when. And the requisite cliché answer: yesterday. The first hit consumers took in this economic landslide was in the wallet, purse and bank account. Then the second wave swept through as people began looking deeper and asking the questions about what's really important in life and how that connects to consumption.



The sooner we accept and embrace this new reality, the sooner we can start implementing change. Concurrently, if the new world order is changing and adapting quickly to savvy consumers, then technology is critical to consider when choosing new mediums.

As a fundamental mainstay, technology is changing across all mediums just as rapidly as the larger world. Look at how quickly the "texting" screen—iPhone, BlackBerry—has become as powerful as your laptop. Consumers are getting more and more information in smaller and faster blurts, and in virtually every corner of the world.

Our marketing messages are now, therefore, conversant and no longer a one-way transmission as in the past. Marketing is a form of engagement that has to be, once again, both relevant and compelling. This "conversation" is a natural extension of the explosion of online services, social media usage and classified advertising websites. How is your intended audience responding to this integration of channels?

GOING FORWARD

In the end, it's not all about a dire future devoid of anything whimsical, fun and indulgent. We're still human beings. And that means ego, emotion and irrationality will not die. The gleaming yellow "mid-life crisis" sports car will never go away completely. Nor will the human desire to celebrate being alive, to splurge and indulge. We're still going to want the expensive meal cooked tableside, new clothes that feel good and a weekend escape with all the trappings. Perhaps not as many or as often, but we will always crave those goods, services and experiences.

Rather than the end of all things pleasurable, therefore, the Age of Frugality is simply a new chapter. Alongside this new mindset, unforeseen opportunities previously unimaginable will arise, and perhaps we'll all have a stronger sense of community, a broader sense of who we are, and a refined ability for making better and more conscious choices.

If that's the case, the chaos and rubble we've all endured will not only have been worthwhile, but in fact contain the proverbial silver lining by creating this New World Order. And if that world is a little more sane and subdued, and includes a renewed sense of family and friends, then let's get on with marketing in this new age.





For almost 30 years, Dan has been creating unique integrated marketing communication plans for a wide array of clients around the nation. His marketing and executive leadership experience encompasses a broad cross-section of industries including aerospace manufacturing, healthcare, consumer packaged goods, and multi-unit restaurants, and financial services.

After founding Santy Integrated in 1991, Dan and the firm were early pioneers into digital media as he saw the coming potential and eventual impact of the technology shift. That early understanding continues to unfold and accelerate as new consumer options demand corollary marketing communication strategies.

To that end, over the last 20 years Dan has developed strong executive leadership skills as CEO of his own company. His various abilities to inspire, lead and manage a diverse team of creative thinkers have evolved his firm into the unique brand offering it is today.

A long-time student of consumer psychology, Dan's expertise begins with a strong foundation in understanding people's motivations, behavior and buying trends. He is able to use those insights as a framework to develop relevant and compelling strategic communication and marketing initiatives. He believes each component in a strategic plan must correlate to specific performance measures to gauge effectiveness.

In the wider community, Dan continues to be involved and has served in numerous executive positions with various nonprofit boards including Catholic Community Foundation, Hospice of the Valley, KAET Channel 8 (Phoenix PBS affiliate), and NAWA Academy.

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