

When Commodities Become Brands, 'Loyalty Beyond Reason' Builds Value and Sales

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In today's struggling economy, marketers need to come to terms with a new reality. Your true-blue, perennially loyal customers are cheating on you. They have developed a wandering eye- and they are checking out other brands, including private-label, with gusto.

Consumers are looking everywhere for ways to save money. Comparison shopping, and the cost savings it can yield, is one easy way to do so. Purchasing private-label is another. Store-brand sales now account for one of every five items sold in U.S. supermarkets, drugstore chains, and mass merchandisers. According to the Private Label Manufacturing Association, sales of private-label products are up by \$5.4 billion in 2008 vs. 2007, to a record \$74 billion.

Most at risk for customer loyalty fallout are commodity brands. Less expensive, seemingly equal counterparts surround everyday products like toilet paper, dog food, and bread at every turn, making a switch away from your product all too easy and attractive. Is it possible under these conditions to retain and gain brand loyalty, and also to build value for your commodity brand? The answer is yes, with caveats that consider today's consumer and marketplace. The key to being a standout in a crowded commodity category and keeping/finding new customers is showcasing a real point of difference or an innovation, and clearly communicating it to consumers. This is the best way to build brand value and engender loyalty. Brands cannot compete on price alone but must give consumers a reason to understand why their brand sells for a higher retail price.

Here are three brands that do a good job of communicating value:

1. Evian has an extremely loyal consumer base. The bottled-water brand positions itself as the first mineral water from the French Alps, a place suggestive of all things clean and pure. Evian was the first to package water in plastic bottles (1969) and then brand it. The brand's packaging graphics prominently feature the Alps, along with text reinforcing the purity message.
2. Sugar in the Raw is packaged in a brown color, instead of the category's usual white, to exploit its unique qualities and stand out from the competition. Before the days of chic organic products, Sugar in the Raw surprised consumers with its chunky brown granules to make consumers wonder: Is this what real sugar looks like? The natural brown-colored carton, with a logo that stretches across the entire package, allows it to claim a leadership position. This approach makes regional players like Domino look generic.
3. Kibbles 'n Bits dog food focuses on "what a dog wants." The brand promises a delicious, satisfying meal experience while also recognizing the fun and meaningful experience of owning and caring for a dog. All aspects of the brand's package design from the colorful and playful brandmark and the selection of specific dog breeds and photography, to the free-flowing presentation of the product pieces - reinforce this concept. Packaging helps the brand sell the message about dog food that not only meets basic requirements of taste, nutrition, and quality, but also bears relevance to the dog owner's life and relationship with his or her dog.