

No Use Crying Over a Spilled Economy

Written by Galia Myron
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“Luxury for less” ads preferred over those commiserating with or cheerleading at consumers.

Consumers prefer the value-driven “luxury for less” approach over an ad that commiserates over the dismal economy or resorts to cheerleading, says a LinkedIn Research Network/Harris Poll examining public reactions to advertising and marketing strategies. With the economic crisis permeating every aspect of consumers’ lives, there has been a shift in strategy as advertisers attempt to address consumer concerns. Is it working?

Value propositioning is effective, the poll says. The majority of advertisers (61 percent) have been promoting sales, coupons and discounts, and nearly the same number of consumers (57 percent) maintains that this approach is working well among various products and services.

“Consumers are responsive to marketing that provides some kind of benefit, and that means bottom-line savings as well as the more complex emotional benefits that accompany those savings,” Jenny Schade, president of IL-based [JRS Consulting, Inc](#) , explains. “It’s a double-win for the consumer if she saves money and then feels better about herself because she’s a smart purchaser.”

By contrast, empathy is a less effective strategy to reach consumers, data shows. While two in five advertisers (39 percent) contend that using empathy to convey that companies know what

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the American public is going through, only one-quarter of consumers say it works very or somewhat well, while one-third say this approach does not work at all. The “we’ve made it through tough times before, we can do it again!” rah-rah approach doesn’t work either, consumers contend. While one-quarter of advertisers use this approach to woo consumers, 38 percent of the buying public says this strategy is ineffective.

Notably, while more than one-third of consumers (34 percent) state that they respond positively to the luxe-for-less approach when considering various goods and services, only 18 percent of advertisers use this method. “This research points out the importance of emotional benefits in marketing,” Schade maintains. “Emotional benefits enable the consumer to say something positive about himself or herself as a result of the purchase.”

“A ‘luxe for less’ message offers consumers something of value—the chance to feel they are getting a little more for their money in these tight times,” she adds. “If they buy this product, they feel like smart consumers who make good purchases. That’s an emotional benefit obtained from buying and that positive feeling reinforces the purchase. That’s much more valuable than listening to a cheerleading message.”

Findings also revealed that while more than half of advertisers think that ads featuring new information (51 percent) or that make people “stop and think” (53 percent) are very effective, only less than a third of consumers agree (29 percent and 30 percent, respectively). One-quarter of advertisers claim that ads that match the feel and tone of the program during which they air are effective, compared with only seven percent of consumers who agree. While nearly one-quarter of advertisers maintain that before-and-after ads are very effective, only 13 percent of consumers think so.

These discrepancies, Schade maintains, indicate that companies need to listen more closely to consumers. “The research is a reminder that businesses need to ‘shop a mile in the shoes’ of their customers and understand what’s on their minds,” she says. “But pure empathy isn’t enough. The businesses that offer their customers something of value based on this understanding will get the sale, whether that means a value proposition or luxury for less.”

Most surprising is how differently advertisers and consumers interpret various strategies as effective or ineffective. “The poll indicates that many advertisers and marketers are out of touch with the very people they need for success—their customers,” Schade adds. “Organizations will

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spend a fortune developing products and marketing campaigns that entertain their own executives, but fail to incorporate input from their own customers. The result is marketing that not only misses the mark, but often offends. No one can afford to do that, particularly in this economy."

Entertaining ads seem to garner slightly more agreement, with just over one-third of consumers deeming them very effective (34 percent) compared with 41 percent of advertisers. However, humor is the unifying force, with one-third of both consumers (33 percent) and advertisers (32 percent) calling funny ads very effective. While comedy works, horror rarely does, with two in five consumers (41 percent) and one-third of advertisers saying that scary ads are not at all effective. Using guilt when promoting a serious topic is also tricky, with one quarter of consumers (27 percent) and 18 percent of advertisers say that making consumers feel slightly guilty is ineffective.

Results also revealed generational differences. Younger consumers (18 to 34 years old) are more likely to state that each of the various approaches works well or very well than are older consumers, and over half of the 18 to 34 set (51 percent) state that "luxuries for less" works very well or well compared with less than one in five (19 percent) of those age 55 and older.

"Marketing approaches most definitely need to vary by demographics as well as by brand," Schade says. "McDonald's is doing very well by pursuing a low-price, value meal approach. That's appropriate for their brand. By demographics, they also have different advertising for Moms eating salads versus teens looking for a fun, quick meal."

Luxury brands, she adds, must tread carefully in this economy in order to maintain the allure of their expensive products while acknowledging the economic situation. "A luxury brand such as Coach or Burberry should remain true to their upscale image while addressing the economic downturn," Schade advises. "That means they might want to promote themselves as a timeless classic that endures over time or a smart fashion investment. A low price message for upscale brands would detract from those brands' images. A luxury brand needs to acknowledge what's going on in the economy, but adapt its message to fit its upscale image."

Gaining insight into how others feel and think is beneficial for all walks of life, Schade contends. Citing a November 2008 *Wall Street Journal* column which reported that White House Chief of Staff Rahm Emanuel visits the grocery store weekly to ask everyday people for their perspectives, Schade says, "Corporate America isn't the only one to benefit from getting insight

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into the needs of its customers.”