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2009

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Len Stein – President

Tel: 914 527 3708 lens@VisibilityPR.com
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By Robert Passikoff
President, Brand Keys

No—Save Your Money

If you can afford \$3 million for an ad, you should be smart enough to spend it elsewhere.

Let's get the obvious stuff out of the way first, shall we? First, the Super Bowl gets about 90 million viewers—maybe 150 million. Or a gabillion. Whatever the head count, it's a bigger audience than any other media venue can give you. Second, those hoards of watchers purportedly translate to a big bang for your advertising dollar. Third: Watching commercials made especially for the big game has become a spectator sport nearly on par with the big game itself. And finally, as they chew their Cool Ranch Doritos and stare saucer-eyed at their jumbo, flat-screen, high-def TVs, these fans represent the broadest demographic you can possibly imagine.

Well, forgive me for dropping the remote in the onion dip, but I have to counter this branding fantasy with a point that's less obvious. Allow me to consult my guilt-edged copy of the *Sacred History of Marketing*. Ah—here's the passage: "Lo, though many eyeball watcheth thy costly commercials, it doth not effective advertising make."

In other words, it's long been appropriate—and more appropriate than ever—to ask: "Is a Super Bowl buy giving me a big bang, or am I pouring millions into a black hole?"

'The argument put forward is that it pays to 'message' a huge demo. Unfortunately, this logic says nothing about whether the message matters to consumers.'

Now, it's fair to say that the Super Bowl advertiser is buying a chance at getting attention that transcends the game itself. After all, the ads no longer play opposite the spectacle, they're part of it, so there's social capital to be made the next day at office water coolers across the nation. (A note here to our Word-of-Mouth and Buzz brethren: Buzz comes in two frequencies—positive and negative. "Wasn't that terrible?" "What were they trying to say?" and "That was the most boring thing I've ever seen" were never phrases that appeared in the creative brief.) But if we set aside the messy issue of measuring breakthrough, we arrive at a cold and clinical question that post-game buzz cannot address. Chatter aside, did that flashy, cinematic, multimillion-dollar ad actually *do* anything for the brand? This, friends, is not a question of eyeballs. It's a matter of engagement—viewer engagement with a brand. You know, that thing the ad is supposed to do in the first place?

The argument put forward every year is that it pays to reach a demo as huge and varied—by gender, income, profession, etc.—as the one tuned into the Super Bowl. And that argument appeals to advertisers who believe they can simultaneously "message" a shared audience. Got it. All true. Unfortunately, this logic says absolutely nothing about whether or not the message matters to those consumers, or whether it brought them clos-

er to the brand in some meaningful way.

Which is why I maintain that advertisers who buy in the big game should hold the venue to a higher standard than the one they currently accept at the face value of big demo, big numbers. Brands that fail to use this very expensive moment in the sun to truly engage (rather than just entertain) are squandering both money and opportunity. Sure, many of the ads are funny—but a chuckle is *not* ROI. Entertainment should be the method, not merely the outcome.

Consider, too, that the cheap laugh ultimately does your brand few favors. The size of the Super Bowl base proportionately increases the odds that some humor will irritate (or, worse, alienate) some portion of your audience. Long is the list of brands that probably thought they were being clever, but mainly ended up being offensive—for making fun of mental illness (a GM robot that "killed" itself in 2007); for being racist (Sales-Genie's Chinese-accented pandas from 2008); and for spreading homophobia (the 2007 Snickers ad featuring two men appalled over their accidental "kiss".)

Now, let's check the balance sheet. The \$3 million price tag

for a half-minute spot comes to about \$100,000 a second. Ever notice that the brands who need exposure least are the ones who buy spots the most? And since the soda, snack, fast-food and beer brands that do most of the advertising during the game are, ironically, the very same soda, snack, fast-food and beer brands consumed in mass quantities *during* the game, one has to wonder: Is this their idea community outreach? Is a goofy ad for chips doing anything to differentiate the brand? And what of brands that dump their entire marketing budget on a 30-second bang? If the spot isn't well received, well, *then* what?


As I need not point out, these are tough economic times. It's been a long while since the economy was the No. 1 topic at American dinner tables. Brands that indulge in conspicuous media consumption may well turn off consumers long before those consumers turn off the game. This is especially true if the advertiser's company happens to be pink-slipping the average Americans who are now relegated to drowning their sorrows in off-brand beer while watching their tax dollars bail out GM. (Which, by the way, has wisely elected not to advertise in the game this year.)

If any of the points above apply to your brand, pouring millions into the Super Bowl may just be God's way of telling you that you have too much money in the marketing budget. Believe me, the folks in procurement (who, by the way, know where your desk is) will be happy to find another use for it.

Robert Passikoff runs New York-based consultancy Brand Keys.

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Nivea Tries Times Square

Brand launches NYC sampling push to get smooching consumers to ring in New Year wearing Nivea Lip Care

Dec 31, 2008

[-By Elaine Wong, Brandweek](#)

NEW YORK Beiersdorf has launched a sampling effort at New York City's Times Square in hopes of getting smooching consumers to ring in the New Year wearing its [Nivea Lip Care](#).

The maker of personal care products is looking to create an emotional attachment to Nivea by associating the act of kissing with the lip care brand, said Nicolas Maurer, svp, marketing for Nivea and Eucerin at Beiersdorf, Hamburg, Germany.

The challenge Beiersdorf faces is to change consumer perception that Nivea (like rivals Blistex and Chapstick) is more than just a functional product. The entire lip care category traditionally has been viewed as more of a rational, rather than an emotionally driven purchase, said Robert Passikoff, founder of Brand Keys, a strategy firm in New York.

"We've been trying to overcome this challenge by bringing a lot of desire and buzz around the brand," Maurer said. That's why on New Year's Eve, Nivea will give away 25,000 samples from its new Lip Care line to couples waiting for the ball to drop in Times Square. (The line was introduced in the fall.)

The effort includes a "Kiss and Be Kissed" component where kissing couples will be captured on camera. Nivea pamphlets will be handed out to the crowd in Times Square, offering tips on how to turn first-time kisses into "sizzling smooches." Additionally, consumers who visit [Niveaxoxo.com](#) will be able send a free digital kiss that will arrive to recipients at midnight.

A TV spot, called "Hideaway," will air during NBC's *New Year's Eve Special With Carson Daly*, showing a couple stealing a kiss in the coatroom of a restaurant. The spot, via TBWA\Chiat\Day New York, first debuted as part of Beiersdorf's \$30 million "Kiss and Be Kissed" campaign for Nivea Lip Care.

Beiersdorf -- which spent \$80 million advertising Nivea through September of this year, per TNS Media Intelligence -- claims this is the first effort of its kind for the brand, in terms of scale and public exposure. "You are going to see, moving forward, a lot more of these kinds of [promotions]," Maurer said of future initiatives for Nivea Lip Care. "We like to do things in a way that is not pretentious, but is still surprising to the consumer."



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Submitted by SWU on Wed, 12/31/2008 - 1:35pm.

December 31, 2008

Starbucks' legal wrangles with a union that wants to organize its baristas is tarnishing the coffee chain's reputation for social responsibility

By Moira Herbst

Starbucks (SBUX), once the undisputed leader in premium-price caffeine fixes, has long cultivated a corporate image for social responsibility, environmental awareness, and sensitivity to workers' rights. Now that carefully crafted reputation is under assault, thanks to a messy legal dispute with a group called the Starbucks Workers Union (SWU) (part of the Industrial Workers of the World, or IWW), which started recruiting employees in 2004 and now claims 300 members.

The National Labor Relations Board found on Dec. 23 that Starbucks had illegally fired three New York City baristas as it tried to squelch the union organizing effort. The 88-page ruling also says the company broke the law by giving negative job evaluations to other union supporters and prohibiting employees from discussing union issues at work. The judge ordered that the three baristas be reinstated and receive back wages. The judge also called on Starbucks to end discriminatory treatment of other pro-union workers at four Manhattan locations named in the case. The decision marks the end of an 18-month trial in New York City that pitted the ubiquitous multinational corporation against a group of twentysomething baristas who are part of the Industrial Workers of the World.

The timing isn't ideal for Starbucks, which faces lower demand from the recession, an overall loss of panache for the brand, and a sliding stock price. "[The ruling] is a real thumb in the eye—a real gotcha moment with potential for heartache," says Eric Dezenhall, chief executive officer of Dezenhall Resources, a crisis management public relations firm in Washington D.C. "I don't think it's a crisis, but it hovers between [being] a nuisance and a problem." eyeing 401(k) contributions

Starbucks intends to appeal the decision. The company maintained during the trial that the baristas were fired for perfectly legal reasons, such as disrupting business in its stores or threatening a manager. "This is an issue with particular employees," says Tara Darrow, a Starbucks spokeswoman. "We felt we handled it consistently and fairly. In this particular situation the NLRB disagreed. We're disappointed with that."



The ruling comes at a time when Starbucks is trying to get its groove back in a very grim economy. The company's shares more than halved in value in 2008, now trading just above \$9, while Dunkin Donuts and McDonald's (MCD) continued to grab market share among coffee drinkers. As the recession deepens, Starbucks recently said it may end or trim contributions to workers' 401(k) accounts in 2009.

While the New York case marks the first that has gone to trial, Starbucks has been the target of numerous National Labor Relations Board complaints over unlawful violations of workers' rights. Starbucks settled another case in New York concerning illegal firings for union activity without admitting guilt in March 2006, paying \$2,000 to former employees and offering their jobs back. In early October 2008, Starbucks settled the case of barista Erik Forman, who was fired for talking with co-workers about managers' apparent efforts to fire him for union organizing at a Minneapolis location. Starbucks ultimately invited Forman back to work. A similar case is getting under way in Grand Rapids, Mich.; the trial is expected to begin Jan. 7.

Employees involved in the New York case insist the company went to great lengths to shut down union organizers. The "decision shows that Starbucks will go to great lengths to interfere with workers' freedom of association," says 29-year-old Daniel Gross, who has led Starbucks' organizing efforts in Manhattan and helped initiate the case. "It's clear that [Starbucks] Chairman [Howard] Schultz has an animosity for workers articulating an independent voice." "Direct Action" Union Tactics

Founded in 1905, the IWW has a colorful history of workplace agitation. The "Wobblies," as they were known, included prominent labor leaders such as Eugene Debs, Mary Harris "Mother" Jones, and William "Big Bill" Haywood. Their goal was to bring all workers into "One Big Union" and ultimately to abolish the wage labor system. Rather than try to negotiate with companies through contract bargaining or support political candidates, the IWW engages in what Gross and others call "direct action." It pressures companies like Starbucks by assaulting their public image, picketing stores, and organizing Internet campaigns.

The SWU is especially keen on tarnishing Starbucks' image as a "socially responsible" company. Gross says Starbucks has a systematic problem with low wages, irregular working hours, and a lack of reliable health care. One statistic the union likes to point to is that only 42% of Starbucks workers use its health-care plan—even lower than the rate at Wal-Mart. Starbucks maintains that it pays competitive wages and is among the first large employers to offer health insurance to part-time employees, who make up 100% of its workforce.

Generally speaking, consumers don't stop patronizing companies that encounter labor problems. But Starbucks, with its carefully cultivated reputation for social responsibility, may be an exception. "Bad news is bad news," says Robert Passikoff, founder and president of the retail consulting firm Brand Keys in New York. "People who are paying attention to [employee relations] tend to be in Starbucks' core audience. It's part and parcel of the image of a brand that is wonderful being green, promoting free trade, and helping people, and not being an oppressor of labor."

Herbst is a reporter for BusinessWeek.com in New York.

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Technology Marketer Of The Year: HP

Nina M. Lentini, Jan 02, 2009 05:00 AM



Hewlett-Packard spent 2008 winning accolades for surging past its competitors--not only in terms of sales, but in innovation and its use of social media to engage and retain customers.

In November, the company announced increased quarterly sales and a 10% hike in PC revenue over the previous year. Its market share stood at 18.8% against chief rival Dell, which had 14.2%, and HP was shipping 15.1 million units--up nearly 15% over Dell's 11.4 million units, which were up 11.4%.

Robert Passikoff, president of Brand Keys, says that HP "doesn't get enough credit for what they do," noting that the company has done a "wonderful job internally in terms of technological development--a critical area in the category--but its advertising has not conveyed the degree to which they have taken a leadership position."

As MediaPost's Amy Corr pointed out in an "Out to Launch" column on HP's holiday campaign promoting its TouchSmart desktop PC and Pavilion dv5 Entertainment Notebook PC: "The TV ads are OK, but the viral ads are great. The first TV spot follows a magician placing objects in his magic box: a cell phone, video game controller, video camera, photo album and a flat screen TV. The box melts into a laptop that's multifunctional. Magic. ... The online virals take place underneath a Christmas tree, pitting an HP product with another gift that's not as versatile and easily forgettable."

At the Association of National Advertisers' annual Masters of Marketing conference in October, Michael Mendenhall, senior vice president and chief marketing officer at HP, did not exactly say that traditional media were finished--but he did wonder aloud: "If I can create my own network, what do I need others for?" And he showed the audience a fan's mash-up of a Shaun White "Hands" ad that had the snowboarder outlining how he used his HP notebook. Mendenhall said he welcomes such efforts by consumers.

In the area of consumer engagement, HP is on target with what Kalle Lasn, head of Adbusters, sees as a trend in product marketing. "Marketing and advertising in general have become victims of [our] boredom, with hundreds of ads coming at you day after day," he says. "What has, in a sense, been replaced with a product marketing bonanza that we've been on now for many generations is a different kind of marketing--what is exciting now is social marketing."

Says Mendenhall: "Most people manage campaigns, but it is equally important to manage ecosystems around campaigns. We are looking at how they are engaging, about engagement models, about building that robust strategy around that idea, product, service launch. Social forums, customer service forums--it's incredibly important to think about segments, consumer/customer behavior, digital space--the place we know consumers have an important influence on people's brands."

Where HP has shone is in the realm of technology--it has introduced a green notebook, developed a 24-hour laptop battery and debuted the mini HP. "They are responding to consumers' needs,"

says Passikoff, "They want small, low-power laptops to get on the Web using a full keyboard. That's where their leadership is--where they shine."

That connection is detectable. Vitruve, a company that measures social media, detected an upswing in social share of voice on HP's part in November and the first two weeks of December even as Dell's share went down.

An HP spokesperson says the increase "could be attributed to various activities, including online holiday campaigns, blogs, a partnership with MySpace, etc."

HP also recently partnered with MTV to promote an online contest to design a new entertainment notebook in 13 countries. The viral campaign received more than 8,000 design entries and got more than five million hits.

"HP made a conscious decision to give the brand to consumers to interact and engage with," she said, "and it was all made possible through digital channels--a very efficient way to engage consumers and drive incremental revenue."

The Demise of Full Price

The Demise of Full Price

by [Valerie Seckler](#)

Posted Wednesday January 14, 2009

From [WWD Issue 01/14/2009](#)

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Hot cars are among the few things that could command full prices.

Photo By Courtesy Photo



Special jewelry are among the few things that could command full prices.

Photo By Courtesy Photo

Kiss full price goodbye.

With deep holiday discounts extending into January, shoppers battered by the recession aren't likely to buy much at full price for spring and beyond, particularly when they can find lower-cost near equivalents.

"This is a moment in time when you have to wow people for the price," said Candace Corlett, a principal partner in WSL Strategic Retail, echoing the "wow" word that's associated with "price" in a current Target TV spot. "That's what H&M does: a great piece for \$79. Highly recognizable brands can do that."

The bottom line is that fashion consumers are reevaluating what they think goods are worth.

In this environment, a growing group of shoppers is more willing to spend \$30 or \$40 for a polo shirt from Lands' End or L.L. Bean than, say, part with \$80 for a Lacoste polo or with \$100 for a polo shirt from Ralph Lauren.

Unless they're hooked by a discount or a significant value — something well made and well priced — many shoppers could stay on the sidelines for much of the year, marketing experts and consumer analysts said. That will keep the pressure on retail profit margins, as lowered forecasts for Wal-Mart Stores Inc., Macy's Inc. and Gap Inc., among others, confirm.

A resumption of robust buying will also hinge on the emergence of "pent-up demand" for apparel, spurred by growth in jobs and wages, the kind of purchase consumers with ample closets can postpone, said Marshal Cohen, chief industry analyst at the NPD Group. However, an employment-based shot in the arm from President-elect Barack Obama's economic stimulus plan is unlikely until at least the fourth quarter, economists predict. Federal Reserve chairman Ben Bernanke said Tuesday that more "strong measures to further stabilize and strengthen the financial system" are needed for a lasting recovery.

The public is "a bit mercenary," said Marian Salzman, chief marketing officer at Porter Novelli. "We've read of retailers' troubles and want to exploit it. We know they're stuck with the goods. Price is elastic, and we've learned that means down as well as up."

A case in point: the shopping experience of retail anthropologist Paco Underhill, on the hunt for a favorite pair of Ecco classic, casual slip-ons. The first time Underhill bought the shoes, seven years ago, he paid \$155 for them at an Eneslow shoe store in Manhattan's Flatiron district. The next time, three years ago, he paid \$79 at a DSW store in Battery Park City. Three weeks ago, they were just \$23.99 when Underhill bought them at the same DSW. "Am I ever going to pay \$155 again?" he asked rhetorically.

"We are watching the evisceration of the concept of value," Underhill said. "The only thing people will pay full price for again are crafts: unique artisan products. No one understands the concept of full price anymore. We are addicted to the sales."

Items on the short full-price hot list envisioned by Michael Silverstein, a senior partner at Boston Consulting Group and author of "Trading Up," include must-have watches, special jewelry pieces and the relatively few hot cars. Nonetheless, Silverstein said, "My guess is consumers will buy very little at full retail price for 2009. This holiday season, consumers learned if they hold their breath, the prices will drop."

In today's shopping environment, Salzman said, "cash is king" and consumers who have it are increasingly negotiating for the best deals they can get. "Price is going to be an extraordinary factor," she

predicted. “We’ll never pay more than we want to.”

Some are anticipating a fundamental change in the world of promotional pricing, now roamed by shoppers newly skeptical about the original cost attached to a growing array of products.

“People want to wear as a badge of honor — a sense of themselves as being wise by saving money,” said Robert Passikoff, president of Brand Keys research consultancy. “But a greater reckoning is coming. A lot of the promotional [sales] toolbox is going to go the way of the dodo,” he added, alluding to the likelihood of lower initial price markups.

Recalling his recent decision to buy a pricier white cotton shirt at Nordstrom rather than a less expensive one at Macy’s, Brent Green, a Denver-based, generational marketing specialist said, “People would pay in full for something they need that they can’t get elsewhere.”

Noting he spent \$50 for the Nordstrom shirt instead of \$25 for a similar item at Macy’s, Green said, “It’s a shirt that travels well, a staple in my wardrobe that has stood the test of time. I needed to have it. Basics like this will tend to hold their prices.”

With the difficulties of retailers, shoppers may have as much as 20 percent fewer stores to visit by July, said Underhill, who is a managing director of Envirosell consumer consulting. “There are many chains that aren’t going to exist in six months,” he said. To stop the bleeding, retailers will have to become accountable first to their customers, rather than to their boards of directors, the consultant suggested, acknowledging that will require “a fundamental shift.”

AdvertisingAge®

Via Brand Will Be Starbucks Minus the Baristas -- and the Brewing

'Next-Generation' Instant Coffee Gives Chain One More Way to Reach Consumers

By [Emily Bryson York](#)

Published: February 16, 2009

CHICAGO (AdAge.com) -- Sanka, Folgers Crystals and ... Starbucks?

The upscale coffee chain plans to dignify the much-maligned instant-coffee market with its next big product launch, called Via. The water-soluble beverage will be sold at the chain but will be billed as a way to be your own barista by making Starbucks-tasting beverages at home.

Related Story:

[Should Howard Schultz Be Smiling?](#)

A Look at CEO's First (Admittedly Recession-Plagued) Year Back Atop Coffee Chain

As first reported on AdAge.com, Via will get its official launch in New York this week. In advance of the big unveiling Feb. 17, Starbucks is mum on the specifics. But one thing will be made clear in the marketing: This isn't the Brim your grandmother sipped. Via long has been a top-secret endeavor and a pet project of CEO Howard Schultz, according to executives familiar with the matter. Someone close to the launch described the product as next-generation and "groundbreaking for soluble coffee."

Chicago baristas say the product will be available locally in early March, but it's unclear if the Midwest will only be a test market.

It's also not evident whether the brand will head for grocery shelves, where Starbucks already partners with Kraft for its ground and whole-bean grocery business. According to Information Resources Inc., Starbucks' ground-coffee business grossed about \$179 million during the 52 weeks ended Nov. 30. IRI stats exclude Walmart and club stores such as Costco, a chain with which Starbucks has recently partnered for discount promotions.

Persuading the faithful

Instant coffee is a tiny part of the market at retail, with IRI pegging sales at \$355 million compared with ground coffee overall at \$2.1 billion. That's likely because instant coffee hasn't had the best rep around,

and Starbucks might have a tough time persuading its faithful. According to the National Coffee Association's annual drinking study, only about 7% of coffee drinkers consume instant coffee every day, and only 9% of coffee drinkers said they'd sipped instant in the last week.

But those familiar with the matter say Via is unlike anything on the market. And in a memo to employees last week, Starbucks pegged the global instant-coffee market at \$17 billion.


But experts are divided about Via's prospects in the U.S.

Richard Honack, a senior lecturer at the Kellogg School of Management, said instant coffee just gives Starbucks another way to reach consumers. "They've got everything else on the shelf; they might as well have instant coffee," he said. "It fits that need for people who don't want to make a pot at home, or want to make it at the office. It just helps the brand." Supermarket expert Phil Lempert said while he doesn't see an instant market in the U.S., Starbucks has the chance to compete with Nestlé overseas.

Lynn Dornblaser, director of consumer-package-goods-trend insight at Mintel, sees the product as a tough sell, especially among consumers Starbucks taught to be coffee snobs. "Even if it tastes exactly like Starbucks coffee, I think they are going to have a very hard time believing it, because instant coffee doesn't taste anything like brewed," she said.

And some folks really seem blasé about the whole thing. "This is more of a yawn than a wake-up jolt," said Robert Passikoff, president of Brand Keys, adding that a new formulation isn't going to fix the chain's brand issues. "You see where Pike Place didn't save them. So you can't see, on a brand basis, that this will. It's a new income stream. And the way things are going with the company these days, anything will be a help."

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Consumers Cut Back on Valentine's Day

Feb 9, 2009

[-By Mark Dolliver](#)

NEW YORK Perhaps you're thinking, "So what if the economy is tanking? At least we've got love!" Alas, the former may be impinging on the latter, if a pre-Valentine's Day Brand Keys survey is any indication.

The average respondent to the poll plans to spend \$108 for the occasion, down 15 percent from last year. Men expect to lay out an average of \$140 (vs. \$166 last year); women expect to spend an average of \$75 (down from \$90).

Anticipated spending on dinner and drinks is up, while expected outlays for jewelry and other expensive gifts are down. One surprise: Women are as likely as men to say they expect to make a purchase in the cologne/perfume category, with 10 percent of each sex stating this intention.

The same goes for candy, with 40 percent of women and men alike planning to buy some for their loved one. Among respondents' top Valentine's Day activities are dinner (cited by 40 percent of respondents), a movie (30 percent) and sex (25 percent).

Stirring up trouble, the poll asked men and women to say who, aside from their "very own sweetheart," they'd care to spend the holiday with. The top choices of women were Hugh Jackman, George Clooney, Brad Pitt, Barack Obama and Johnny Depp. Men's top choices were Eva Longoria, Anne Hathaway, Kristin Bell, Salma Hayek and Angelina Jolie.

Elsewhere on the pre-Valentine's front, a Porter Novelli Styles report released today (based on polling fielded last spring) finds 42 percent of women and 36 percent of men characterizing themselves as "romantic." There was no significant difference between married and unmarried women on this question. Among men, though, 40 percent of the unattached described themselves as romantic, vs. 34 percent of those with a wife or domestic partner.

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-By Mark Dolliver

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Marketing

Phelps Is Still Golden

Tom Van Riper, 02.02.09, 5:40 PM ET

Don't expect a bong hit to hurt Michael Phelps's endorsement career--what he has of one anyway.

A picture of the 23-year-old Olympic swimming champion smoking from a water pipe at a University of South Carolina party last fall is circulating around the Internet at warp speed. The picture was first published on Sunday in *News of the World*, a British tabloid.

The timing isn't great for Phelps, who hasn't exactly been scoring endorsements at a record clip. Normally, you'd expect marketers to be lining up at the door for a chance to throw money at an Olympic hero who swam his way to a record eight gold medals in Beijing.

But a lack of personal pizzazz, not to mention a tumultuous economy, has limited Phelps' potential. An embarrassing photograph from a college party, not a shocking thing from a young guy, isn't enough to scare his endorsement partners away. But it won't lure new ones either.

"It may work for picking up girls, but not when you're looking to stand next to brands," says Robert Passikoff, CEO of market research firm Brand Keys.

"It just shows everyone makes mistakes," says Courtney Leddy, a vice president at Ketchum Sports Network, an industry consultant.

Phelps', agent, Peter Carlisle, did not return a call for comment.

Phelps' endorsement problems run deeper than an embarrassing college house party. He's seen as an athletic Superman, not as someone people can connect with, hindering big-time sponsorship deals. The concern is especially acute for Olympians, who are only competing every four years.

The estimated \$5 million he earns annually in endorsements is mostly limited to sports-related products like Speedo and breakfast cereal, along with big Olympic sponsor Visa. Other than a recent deal to pitch Mazda cars in China, he hasn't really crossed over into broad-based consumer goods. Though Phelps makes a very nice living, it's a far cry from the annual \$50 million or so that many sports-marketing executives were predicting for him during last summer's gold medal run.

A public statement from Speedo, Phelps' apparel partner, says the company is disappointed but intends to stick with him. Phelps quickly issued the requisite public apology for his "youthful" and "inappropriate" behavior and placed a copy of his written apology on his Facebook page. The post drew more than 1,000 comments from fans, an overwhelming number of which were positive--just the type of thing marketers look to in order to gauge public reaction to a celebrity in trouble.

"Comments from fans are very telling; people are rooting for him," says Leddy.

So expect Phelps to continue his low-key career. After all, it wasn't steroids.

Finance

Apple gains ground by assault on Microsoft

By Brad Stone
The New York Times Media Group
818 words
4 February 2009
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4
13
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SAN FRANCISCO -- Twenty-five years ago, Apple hurled a legendary marketing sledgehammer at IBM personal computers that ran Microsoft software. During the 1984 Super Bowl, the company ran a powerful television ad that depicted those machines as instruments of Big Brotherish conformity. The ad ran just once but is still talked about.

These days, Apple is still running ads that hammer computers that run Microsoft's software.

And this time, Apple is delivering a constant pounding to its rival, which has been weakened by product stumbles and a series of ads that fell flat with the public.

While other technology companies curtail their ad budgets to ride out what appears to be an intense and protracted recession, Apple, based in Cupertino, California, said in its most recent earnings report that it actually increased marketing and advertising during the last three months of 2008 compared to the same period a year ago.

That has made Apple the second-most prolific technology advertiser, behind only Microsoft. During the first nine months of 2008, Apple's ad spending vaulted to \$133 million, surpassing Hewlett-Packard and International Business Machines - companies with three times Apple's annual sales - according to the tracking firm TNS Media Intelligence. During the same period, Microsoft spent \$191 million.

There is good reason for Apple's chief executive, Steve Jobs, and its longtime ad agency, TBWA Chiat/Day, to be drawing these pointed contrasts: Microsoft, Apple's longtime nemesis, is more vulnerable than it has been in years.

Microsoft's current operating system, Windows Vista, is a well-known disappointment. And the replacement, Windows 7, will not be ready for regular users for at least another six months, analysts says. Last month, Microsoft reported poor financial results and said it would eliminate as many as 5,000 jobs.

"Apple is trying to take as much advantage as they can during this period where there is a lot of confusion on the Windows side," said Tim Bajarin, president of Creative Strategies and a longtime Apple watcher. "It wants to bring people into its retail stores and to contrast it to what they already know."

Apple's combative ads have pressured Microsoft into an expensive counterattack - a \$300 million campaign, devised by the agency Crispin Porter & Bogusky, featuring at first the comedian Jerry Seinfeld and the Microsoft co-founder Bill Gates, and then a collection of normal people proclaiming, "I am a PC."

So far, Apple seems to be winning the fight. The Macintosh gained more than two percentage points in the past year to carve out nearly 10 percent of the overall market for personal computers, according to research firm Net Applications.

Apple ads have also fared better than Microsoft's in the war for consumers' hearts. Last month, **Brand Keys**, a market research company based in New York, queried 400 Apple and Microsoft users and measured their perceptions of Apple and Microsoft brand equity before and after seeing examples of the companies' advertising.

Among the ads the firm showed were "Bean Counter," an Apple piece that poked fun at Microsoft for spending money on advertising instead of fixing its products' flaws. **Brand Keys** also surveyed responses to Microsoft's first Seinfeld ad, "Shoe Circus," and the first "I am a PC" spot.

"Off the Air," an ad that promised Apple stores would help customers switch from Windows to Apple's Macintosh platform, was highly successful at promoting the brand equity Apple users felt around the concept of "innovation, design and added value" - factors that drives loyalty. The spot also improved PC users' perception of Macs for their "trouble-free performance, service and support."

On the other hand, Microsoft's "Shoe Circus," which was panned by critics, failed with consumers, too. After seeing the ad, both Apple and Microsoft users had a more negative perception of Microsoft in the areas of innovation, technology, trouble free design, and warranty and pricing. "When you see an ad perform this poorly," said Amy Shea, the executive vice president at **Brand Keys** who conducted the research, "you've got a real problem."

The news was not all bad for Microsoft, though. "I am a PC," the egalitarian response to Apple that Microsoft has settled on for its campaign, has worked well to lift PC users' perception of the brand as technologically and environmentally advanced.

The message of the survey, said Shea, is that companies should play to their strengths, which in Microsoft's case is the sheer ubiquity of its software all around the world.

"Everyone who has a PC feels that they are very plugged in and that the world speaks almost one language," she said. "Microsoft's ability to tell that story visually by going around the world made that ad successful and positioned them as green and even cool."

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February 4, 2009

ADVERTISING

In Campaign Wars, Apple Still Has Microsoft's Number

By [BRAD STONE](#)

TWENTY-FIVE years ago, [Apple](#) hurled a legendary marketing sledgehammer at [I.B.M.](#) personal computers that ran [Microsoft](#) software. During the 1984 [Super Bowl](#), Apple ran a television ad that depicted those machines as instruments of Big Brotherish conformity. The ad was shown just once, but people still talk about it.

Today, Apple is still producing ads that hammer away at computers that run Microsoft's software. But this time, Apple's pounding is constant, even as Microsoft has been weakened by product stumbles and a series of ads that fell flat with the public.

While other technology companies curtail their ad budgets to ride out what appears to be an intense and protracted recession, Apple, based in Cupertino, Calif., said in its most recent earnings report that it actually increased marketing and advertising during the last three months of 2008, compared with the same period a year ago.

That has made Apple the second-most prolific technology advertiser, behind only Microsoft. During the first nine months of 2008, Apple's ad spending vaulted to \$133 million, surpassing [Hewlett-Packard](#) and I.B.M. — companies with three times Apple's annual sales — according to the tracking firm TNS Media Intelligence. During the same period, Microsoft spent \$191 million.

Apple's ads promote what you can do with an [iPhone](#) or [iPod](#), or show the comedian John Hodgman as a schlubby PC guy being outfoxed by the actor Justin Long as hip Mac guy.

There is good reason for Apple's chief executive, [Steven P. Jobs](#), and its longtime ad agency, TBWA/Chiat/Day, to be drawing these pointed contrasts: Microsoft, Apple's longtime nemesis, is more vulnerable than it has been in years.

Microsoft's current operating system, Windows Vista, is a well-known disappointment. And the replacement, Windows 7, will not be ready for regular users for at least six months, analysts say. Last month, Microsoft reported poor financial results and said it would lay off as many as 5,000 employees.

"Apple is trying to take as much advantage as they can during this period where there is a lot of confusion on the Windows side," said Tim Bajarin, president of Creative Strategies and a longtime Apple watcher. "It wants to bring people into its retail stores and to contrast it to what they

already know.”

Microsoft, for its part, said that Apple gave the attack ads a short rest late last year after Microsoft unveiled its counterattack. Microsoft’s campaign, devised by the agency Crispin, Porter & Bogusky, initially featured the comedian [Jerry Seinfeld](#) and Microsoft’s co-founder, [Bill Gates](#), and then a diverse collection of normal people proudly proclaiming, “I am a PC.”

“I think we confused them a little bit by embracing the stigma they put on our brand and then taking it in a different direction,” said David Webster, a general manager at Microsoft.

An Apple spokesman declined to comment about either company’s advertising.

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So far, Apple seems to be winning the fight. The Macintosh gained more than 2 percentage points of market share in the last year and now controls nearly 10 percent of the overall market for personal computers, according to the research firm Net Applications.

Apple’s ads have also fared better than Microsoft’s in the war for consumers’ hearts. In the last two months, Brand Keys, a market research company based in New York, queried 400 Apple and Microsoft users and measured their perceptions of Apple’s and Microsoft’s brand equity before and after seeing examples of the companies’ advertising.

Among the ads the firm showed were “Bean Counter,” an Apple spot that poked fun at Microsoft’s spending money on advertising instead of fixing product flaws. Brand Keys also surveyed responses to Microsoft’s first Seinfeld commercial, “Shoe Circus,” and the first “I am a PC” spot.

“Off the Air,” an ad that promised Apple stores would help customers switch from Windows to Apple’s Mac platform, was highly successful in lifting the brand equity that Apple users felt around the concept of “innovation, design and added value” — a factor that drives loyalty. The spot also improved PC users’ perception of Macs for their “trouble-free performance, service and support.”

On the other hand, Microsoft’s “Shoe Circus,” in which Mr. Seinfeld helped Mr. Gates buy shoes, failed miserably with consumers. After seeing the ad, both Apple and Microsoft users had a more negative perception of Microsoft in the areas of innovation, technology, trouble-free design, and warranty and pricing. “When you see an ad perform this poorly,” said Amy Shea, the executive vice president at Brand Keys who conducted the research, “you’ve got a real problem.”

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The message of the survey, Ms. Shea said, is that companies should play to their strengths, which in Microsoft's case is the sheer ubiquity of its software around the world.

"Everyone who has a PC feels that they are very plugged in and that the world speaks almost one language," she said. "Microsoft's ability to tell that story visually by going around the world made that ad successful and positioned them as green and even cool."

Apple, for its part, has played to its reputation as a hip, creative company, personified by Mr. Long's straight-man performance as Mac Guy. The ads also fit with Apple's 25-year history as a company willing to draw colorful juxtapositions against its larger, more powerful rivals.

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Valentine's Day Stock Roundup

February 13, 2009 11:38 AM ET | [Kirk Shinkle](#) | [Permanent Link](#) |

Nothing says "romance" like reviewing your portfolio, but with **Valentine's Day** just a few hours away (you already made reservations, right?) take a minute to check out some investing ideas that might just help you pay for it.

First off, there's a pretty good chance that a post-Valentine's boost isn't in the cards for retailers. Brand Keys, a researcher, predicts that "Valentine's Day will be the first major holiday of 2009 to feel the economic pinch." Its survey says the average price "consumers placed on love" is a measly \$108. That's down 15 percent from last year. Men are expected to spend \$140 on the big day versus \$166 in 2008. Women are expected to spend \$90 versus \$166 last year. As for where they're spending, dinner and drinks won't be scaled back but traditional tokens - flowers, candy, jewelry, and lingerie - look less popular. Also, if you're thinking of blowing off Valentine's crowds altogether, you're not alone. Some 15 percent of those surveyed plan on staying home this year, nearly four times the 2008 number.

Here's a quick round-up of some of the more amorous picks in a love-lorn market:

Elizabeth Ody at Kiplinger's Personal Finance lays out [9 Stocks for Valentine's Day](#) and covers the companies hoping to help you out through the holiday: Jewelry via **Tiffany's** and **Blue Nile**; **1-800-Flowers.com**; lingerie with Victoria's Secret parent **Limited Brands**; Chocolate? Check **Hershey**. Everything else? **Amazon.com**; then, there's **Pfizer** and **Eli Lilly** for that Viagra or Cialis fix.

[Louis Navellier](#) says "Let's face it: Valentine's Day is pretty much a manufactured holiday. But don't be fooled by companies that may operate in trivial industries—there can be lots of money there. Don't believe me, just ask Warren Buffett. For the last 35 years, Buffett has owned **See's Candy** and he's called it a 'prototype of a dream business.'" Navellier says stay away from **Coach**, **1-800 Flowers.com** and American Greetings. Instead, he likes **True Religion** where he sees sales of pricey jeans bucking the decidedly unromantic sales environment.

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Salmonella scare sends peanut butter sales diving

By Theresa Howard, USA TODAY

The country's biggest makers of jarred peanut butter have told consumers that their products are safe, but Americans aren't buying that — or their products.

Jarred peanut butter sales for brands such as Skippy, Peter Pan ([CAG](#)) and Jif ([SJM](#)) fell by as much as 24% since the salmonella outbreak, retail trackers say.

Information Resources reports that unit sales of jarred peanut butter dropped by 24% for the four weeks ended Jan. 25 from the same period a year ago. The Nielsen Co. says unit sales fell 22% for the period ended Jan. 24 vs. the same period last year.

Companies behind the big brands have stepped up marketing efforts to offset sales. ConAgra and J.M. Smucker recently ran ads to reassure people that their products are safe and did not include peanuts from Peanut Corp. of America. ConAgra ads in 50 newspapers included a 50-cents-off coupon for its Peter Pan brand. Some Smucker newspaper ads for Jif have dangled \$1-off coupons.

For peanut butter makers, the stakes are huge. The recession has nudged millions of consumers to lug lunch to school or work, but more are turning away from peanut butter in confusion and fear.

When consumers visit most of the big peanut butter makers' websites, they immediately see messages extolling the safety of the brands. "We're monitoring consumer reaction and questions to determine if there are any other activities we need to do," says Stephanie Childs, ConAgra spokeswoman.

Brand expert Robert Passikoff says they all need to do much more to make consumers less fearful.

"Brands have been unable to deflect the fears," says Passikoff, president of Brand Keys and author of *The Certainty Principle: How to Generate Brand Profits in the Consumer Engagement Marketplace*. "There has been advertising, but the issues have been so unclear. People are not willing to take a chance."

Tuesday, Congress stepped up its investigation, issuing a subpoena for Peanut Corp. President Stewart Parnell in the salmonella investigation. Private lab tests show there may have been salmonella at a second plant operated by the peanut company at the center of a national outbreak, but the potentially tainted products were not sent to consumers, Texas health officials said Tuesday.

Federal investigators have linked peanut products made at Peanut Corp. of America's southwest Georgia peanut-processing plant to the salmonella outbreak that has sickened 575 people and may

Advertisement



— ONLINE PROGRAMS —

ASSOCIATE'S DEGREES

- Associate of Arts in Accounting
- Associate of Arts in Business
- Associate of Arts in Health Care Administration
- Associate of Arts in Information Technology

BACHELOR'S DEGREES

- Bachelor of Science in Business/Management
- Bachelor of Science in Criminal Justice Administration
- Bachelor of Science in Information Technology
- Bachelor of Science in Management

MASTER'S DEGREES

- Master of Arts in Education
- Master of Business Administration
- Master of Arts in Education
- Master of Information Systems

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have contributed to as many as eight deaths.



On Monday, the FBI raided the plant in Blakely, Ga., hauling off boxes and other material. Agents executed search warrants at both the plant and at Peanut Corp.'s headquarters in Lynchburg, Va., a senior congressional aide with knowledge of the raids told the Associated Press. The official spoke only on condition of anonymity because he was not authorized to speak publicly on the matter.

Contributing: The Associated Press

Find this article at:

http://www.usatoday.com/money/industries/food/2009-02-10-peanut-butter-salmonella_N.htm



Check the box to include the list of links referenced in the article.

March 26, 2009

Mr. Clean pulls in dirty cars

Strong brand can flout bad economy

By Dan Sewell

The Associated Press

DEERFIELD TWP. - At the Mr. Clean carwash, kids can shoot suds at vehicles moving through the 160-foot wash tunnel while adults enjoy free coffee and watch sports or news on flat-screen TVs.

"They love coming here," said Kristin Nelson, a fan of Mr. Clean household cleaners who arrived in a Cadillac Escalade with five kids, ages 6 to 10, three her own.

Consumer-products maker Procter & Gamble Co. plans to expand the service-intensive business nationwide in spite of the tough economy. P&G won't disclose its goal for the expansion, but spokesman Jeff LeRoy said it is licensed to operate in 41 states and the company plans to "make it as big as we can."

• <http://www.connectDeerfield.com> " target="_new">More Deerfield Township news. Join the discussion.

P&G revved up the expansion with the announcement last month that it bought Atlanta-based Carnett's, which operated 14 carwashes, and put that company's founder Bruce Arnett in charge.

And it has hired veteran franchising executive Jim Amos to head a new subsidiary that oversees franchising.

The new venture comes as most households are cutting discretionary spending - including such items as the \$15 to \$24 carwashes at Mr. Clean - and as other major consumer companies are focusing inward. P&G forecast a week before it announced the expansion that its total sales would fall for the current quarter and perhaps the year.

The carwash industry is hurting.

"This is a very difficult time to enter the carwash business," said Donnelly Eurick, executive director of the Lansing, Mich.-based Midwest Carwash Association.

"It's an optional service, money is tight, the future is uncertain."

By comparison, Home Depot Inc., which in January began closing four home-improvement retail subsidiaries, operates six carwashes alongside service stations in its parking lots. It has no plans to expand its carwash business.

"We're still evaluating the concept," said spokesman Ron DeFeo.

But executives with Cincinnati-based P&G say the muscular, white-browed, smooth-headed Mr. Clean brand is so strong that building a national carwash chain around it makes solid sense. Even in the recession, they say, many time-short people will seek out Mr. Clean to make their cars look good.

"Consumers want to know that they're going to get a consistently superior wash," said Nathan Estruth, P&G vice president for P&G's FutureWorks division. "We start with an incredibly powerful brand, which is quite a difference versus the rest of the carwash industry."

P&G sees special potential because the \$35 billion industry is very fragmented, Estruth said. The company says the recession could build opportunity because real estate prices are down and communities are eager for new businesses that bring 40 to 60 jobs, as each Mr. Clean does.

For proof, P&G officials turn to traffic figures for the carwash in this suburb. Revenue has risen 10 percent and volume 20 percent in its second year, helped by a \$5 morning special on exterior washes, managers here said. Twice in January, when Americans were in a post-holiday spending hold-down, it drew more than 1,000 customers on a single day.

"You can tell how strong the brand is by the response," said Justin Bailey, who ran a carwash in Burlington that his family owned and now manages the Mr. Clean here. "What it took me five years to accomplish with my carwash, they did here when they opened the doors."

There are two corporate prototypes in Ohio and 17 franchises operating or under development in the southeastern United States. LeRoy said interest from potential franchisees has far exceeded expectations.

"I'm a little surprised they're doing this because at times like these, you need to hunker down and focus on the basics," said Edward Jones analyst Jack Russo. "They must just be trying to extend out their brand power a little."

Russo doesn't see the startup businesses as playing a big role in the finances of P&G, which had sales of \$83.5 billion last year. He kept his buy rating on its stock.

Robert Passikoff, president of the market research firm Brand Keys, said P&G's consumer expertise and its brand strength - the idea that customers like Nelson will patronize the carwash because they like P&G's consumer products - justify the move, even now.

"It'd be different if you and I decided to do it," he said.

"Given the kind of value and recognition that those brands have, looking for new and different income streams beyond consumer packaged goods makes a lot of sense."

P&G also is extending the Tide detergent brand, the nation's top seller, into retail with three pilot dry cleaning stores in the Kansas City, Mo., area.

"It's fair to say that we're in a learning mode on these two and we are looking at other industries and other brands we have," Estruth said.

Bankin' Made Funner with Different Skins

U.S. Banker | Wednesday, April 1, 2009

By [Anthony Malakian](#)

For Bank of the Wichitas in Oklahoma, creating a moniker for its new Internet bank was not as simple as attaching "direct" to the end of its name. The owners wanted a unique name that would play both inside and outside the Sooner state.

Ultimately, it chose The Redneck Bank, and early results have been promising, according to Todd Huckabay, the president and chief executive of the \$115 million-asset Bank of the Wichitas. Depositors from 45 states and the District of Columbia have opened online checking or money market accounts with Redneckbank.com since its launch in early January, and the Web site has received "hundreds of thousands of hits," says Huckabay's brother, Wade, a director at the family-owned bank.

The bank's slogan, "Where Bankin's Funner," captures the zany, tongue-in-cheek brand that the Huckabays - along with their father Gary, the chairman - came up with to nationally market a bank from a town of only 1,500 people. "We didn't feel like people, on a national basis, would open a bank account with a small community bank in Snyder, Oklahoma," Wade says. "Our target market is people with a sense of humor." The bank gives them more than a laugh - its three products include a high-yield rewards checking account with a 5.25 APY; a money-market account paying roughly 3.10 percent; and a second-chance, zero-interest checking account.

With a laughing donkey and outhouse icons, plus a "yep, we're a real bank" disclaimer, the Redneck Bank's Flash-enabled site is corralling consumers who may be disenchanted with larger banks.

"Historically, people didn't like you joking about their money," says Robert Passikoff, president of Brand Keys Inc. in New York. "In this economic environment where there's a distinct lack of trust and a loss of faith in [the banking system], trying to create a doorway for a particular group that will have resonating value for them makes a lot of sense."

Aside from a pair of billboards, Redneckbank.com has only been advertised through word of mouth. It has no plans for a broadmarketing campaign because, Todd says, "I'm not sure that we have an ability to control how fast we grow."

The Huckabay family owns large stakes in two other Oklahoma community banks - both of which also have separately branded Internet banks that take a more low-key approach. All America Bank in Oklahoma City, where Wade is president and chief executive, last fall launched AmericaNet Bank that uses patriotic themes.

Todd, Wade and his sister, Shawn Cochrane, a vice president at All America, also sit on the board of Southwest State Bank in Sentinel, which has put forward a techie-oriented theme for its Everage site. Their father, Gary, is the chairman of the banks.

Cochrane says that the family opted to establish three separate Internet banks partly to cast a wide net but also as a test to see what was going to work from a marketing perspective.

Cochrane says the process to launch the Net bank sites has taken longer than they originally expected. "We thought it would take three to six months and we're almost at three years now because there's so much detail involved," she says.

The investment, too, has been "substantial," Todd says, noting that it costs roughly as much for a small bank to set up an Internet bank as it does for larger banks that have much deeper pockets.

Interest in the site is meeting expectations thus far, but the family isn't saying how many accounts or deposits the fledgling Net operation has made to Bank of the Wichitas' bottom line (it reported \$76.2 million in total deposits at the end of 2008). In a weak economic environment, Todd says, any deposits it brings in via the Internet could help offset any potential drop in traditional deposits.

"[W]e don't take for granted the idea that a bank is going to be viable next month or next year, so we're always trying to think of ways to keep the bank...healthy for years to come," he says. "We didn't feel like we were risking a lot by doing something a little bit crazy."

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Community Banking
Banker Questions CEO Bonus, Banker Is Handed a Pink Slip

By Robert Barba
760 words
27 March 2009
American Banker

1
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English

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A Michigan banker is claiming - in court and the local press - that he was fired for criticizing his chief executive's request for a bonus.

The case underscores the financial and reputational risks facing banking companies that received federal assistance. Such firms are coming under increasing nationwide scrutiny on executive compensation.

John D. Schwab, the former chief credit officer of Citizens Republic Bancorp Inc., sued the Flint, Mich., company Tuesday. He claims he was ousted in January by William Hartman, then Citizens' CEO, whose request for a \$7.5 million bonus and contract extension Schwab had advised the board to reject. Hartman allegedly fired Schwab two days before his retirement as CEO took effect; Hartman remains the chairman of Citizens, which received \$300 million under the Troubled Asset Relief Program in December.

"It is my firm belief that this feedback to the CEO, coupled with the board refusing to grant his financial demands, fueled his decision to retaliate against me by firing me," Schwab said at a press conference in Flint Tuesday. His claim has been covered by newspapers and television stations in Flint, across Michigan and around the country.

Walter G. Moeling 4th, a banking lawyer in the Atlanta office of Bryan Cave LLP, called the case "a harbinger."

"If you looked at the downturn of 1989 until '91 - when we were in similar times - you did see an increase in employment-related lawsuits," Moeling said. "I think we will see more of these kinds of suits."

A spokesman for Citizens said that the company does not discuss ongoing litigation, but that it "has an outstanding performance record in following all federal guidelines in terms of executive compensation, as well as strong policies and practices to protect our workers."

Schwab's suit, filed in Genesee Circuit Court, seeks his job back or comparable compensation. In addition to wrongful termination, Schwab, 64, also alleges age discrimination - he claims the board passed him over for the CEO job because he would only commit to work another three to five years.

According to the complaint, Hartman wanted a four-year extension of his contract and immediate payment of the \$7.5 million supplemental retirement benefit. The chairman of the board's compensation committee approached Schwab to discuss this request, the suit says. He recommended denying it, the suit says, since just a few days earlier the executive team, including Hartman, knowing the company would receive the Tarp funds, had waived their claims to such bonuses.

On Jan. 22 the company reported a \$195.4 million fourth-quarter loss, largely on credit deterioration. (A year-earlier it had made \$28 million.)

The next day, Hartman announced he would retire at the end of the month. On a conference call, he said the decision was not related to the fourth-quarter loss. It was simply the right time to leave, he said. "It may appear more sudden externally than it was internally."

Catherine Nash, Citizens' regional banking head, succeeded Hartman as CEO. Hartman, who made \$780,000 last year, is being paid \$60,000 to serve as nonexecutive chairman until the company's annual

meeting May 27. He is expected to receive a portion of his retirement benefit because he stepped down prematurely, according to a proxy filing.

Schwab said in the suit that he was considered for the CEO job but was assigned to mentor Nash when the board chose her instead. He said Hartman, in one of his final acts as CEO, summoned Schwab to his office and opened the conversation by saying "you're going to retire." When Schwab asked why, the suit says, Hartman replied that Schwab had undermined him publicly and did not support the choice of Nash as his successor. When Schwab returned to his office, he said, his computer had been locked and his Blackberry had been "swept."

Robert Passikoff, the president of **Brand Keys** Inc., a consulting firm, said that even if Schwab loses the case, it could hurt Citizens' image. "Right now, it is guilty until proven innocent in the financial industry," Passikoff said. "Customers are holding their financial institutions to the highest expectations of trust and anything that undermines it is going to damage the brand and could damage the profitability of the bank."

Jason O'Donnell, an analyst with Boenning & Scattergood Inc., agreed. "Citizens has a good reputation in that market," he said. "This could be something that tarnishes the brand if it isn't resolved quickly."

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Report: Discounting Damages Brands

March 11, 2009

[-By Kenneth Hein](#)



The *Dollars & Consumer Sense 2009* study, released today, finds that consumers often have a negative reaction when they see the price slashed for their favorite product or service.

In fact, 70 percent of respondents to the Yankelovich poll said such cuts probably mean the brand was overpriced in the first place. And, 62 percent said they assumed that the product was old and they were just trying to get rid of it.

"People are suspicious if you significantly discount your brand," said J. Walker Smith, president of Yankelovich Monitor and executive vice chairman of The Futures Company. "If you make significant changes in your value proposition it can confuse them. You have to give them reasons to buy stuff as opposed to just lowering prices as a knee jerk reaction to the economy."

Earlier this year [Saks Fifth Avenue announced it was retreating from a discounting strategy](#) after it lost nearly \$100 million in Q4. CEO Stephen Sadove said the chain would add a mix of lower priced items instead. The assumption became "they are just overpriced all year long," said Smith.

Brands that do not discount achieve a positive halo among many consumers, per the study, which polled 1,0002 consumers in January. Sixty-four percent of those polled said they assume the product is either extremely popular or a good value if they maintain their price.

Earlier this month, [Brand Keys announced similar findings](#) among the 26,000 consumers it polled for its Customer Loyalty Engagement Index. Consumer expectations regarding brand value went up 20 percent. In other words, many aren't looking for lower-priced brands rather they are looking buy products that they consider a good value.

A potentially more damning result of lower pricing is deflationary expectations, per Yankelovich. This means consumers are postponing purchases in anticipation of prices falling further. Up to 60 percent of those polled believed companies that cut prices would continue to do so. "People are sitting around waiting for more discounts. That's a really bad thing," says Smith. "The deflationary cycle is very difficult to remedy once it takes hold."

April 29, 2009

Yankees Slash the Price of Top Tickets

By [RICHARD SANDOMIR](#)

Twelve days after opening their new stadium, the [Yankees](#) on Tuesday bowed to the sour economy and the specter of empty seats by slashing in half some of their top-end, \$2,500-a-game prices.

Going further, the team also announced it will provide significant numbers of complimentary seats to existing season-ticket holders in premium sections, including some of the critical, and very visible, real estate behind home plate.

The team's price reductions and giveaways affect full-season ticket-holders in premium locations, but not those with partial plans. Those planning to buy premium seats for individual games will also get discounts that have not yet been detailed.

Over all, the new policy represents a dramatic retreat from the team's initial luxury-sales strategy for the new stadium, which was underlined in advertisements that crowed "Own the Greatness" and "Select the Greatest Seats in the World."

Last week, team officials said they would no longer discuss ticket prices or the many empty seats behind home plate and the two dugouts that were painfully visible at Yankee Stadium and on television during the team's first homestand from April 16-22.

The sight of those empty seats invited mockery from critics who said the Yankees had badly overreached. And the consternation it was causing for Yankee officials was made clear when [Randy Levine](#), the team's president, harshly criticized Don Garber, the commissioner of [Major League Soccer](#), after Garber mentioned that the sight of some of the best seats at the new stadium going unfilled was "unbelievable."

The team had first hinted at a change in ticket policy April 2 when Hal Steinbrenner, the team's managing general partner, said, "There's no doubt that a small amount of our tickets might be overpriced."

But back then, still two weeks before the home opener, [Steinbrenner](#) could not have anticipated the empty swaths of blue seats that were supposed to be filled with people willing to pay \$500, \$600, \$850, \$1,250 or \$2,500 a game for a premium seat.

Steinbrenner announced the new ticket policy in a statement issued Tuesday afternoon. Neither

Marketers use ads to remind customers of their longevity

By Theresa Howard, USA TODAY

NEW YORK — Old is the new young in advertising, as big-name marketers use their longevity to give their brands an aura of stability amid economic turmoil.

Post Shredded Wheat on Sunday joins the diverse brands wearing their wrinkles on their sleeves. A new ad for Shredded Wheat, which was created in 1892, says the product put the "no" in innovation.

VIDEO: [Allstate ad emphasizes insurer's longevity](#)

Post is trying to tap into consumers' current back-to-basics mind-set and leverage its longevity into a rock-solid image. It joins Lowe's Home Improvement (established "more than 60 years ago") and Allstate (founded in 1931).

Marketing experts say the trend is about image during an economic sea change. "It's not going to have an effect on consumers making a purchase decision, but in these times, you want to put your best face forward as people look at companies that are going out of business," says Walter Guarino, a marketing professor at Seton Hall University. "It's image building. My guess is you will see more of it."

But branding expert Robert Pasikoff, president of Brand Keys, says touting still being in business smacks of desperation. "(The) consumer has been brought up now in a fast-moving age. People are looking for things that are up to date. There's no good way to say, 'We've been doing this for 150 years.' Heritage is fine, but people are not buying Coach because it is old."

Still, some marketers believe that even if the message doesn't move sales immediately, it's important to show the brand in a way that fits the times. Some who are trying to project their brand's viability:

Allstate: We survived the Depression

In an ad that began airing in January, Allstate spokesman Dennis Haysbert says that "1931 was not a great year" to start a business, but that's when Allstate was founded.

"We're trying to bolster trust and confidence by saying that we started in the Great Depression, and we survived 12 recessions," says Lisa Cochrane, vice president, marketing. "We're saying we know how to approach things."



Post ads introduce the fictional Frank Druffel, who proclaims Shredded Wheat is unchanged from its original form.

thing

TV commercials to air in broadcast prime time and on cable introduce fictional Frank Druffel as the "president" of the Post Shredded Wheat company. He brags that "we have not changed a thing in 116 years."

People are responding. "I have never received so much consumer correspondence," she says. "We've received amazing correspondences from school teachers and nurses and families from all across the U.S. saying the ad has been heartwarming. I think we hit a button."

Post: We have not changed a

Such an ad message will "show people this is something that's been around for generations," says Heath Osburn, marketing director. "It's important to show (consumers) reliability as they work through uncertain times."

Post internal research has found that Americans are looking for messages that provide assurance and security, says Kelly Peters, senior director of integrated insights and strategies.

"The ad is a reflection of the shift in American values," she says. "People are looking for security, and this taps into that notion in the form of reliability and authenticity."

Lowe's: Touting traditional values

A TV ad about Lowe's heritage aims to motivate both shoppers and store employees.

It begins in black and white and talks about the home improvement chain's founding in the 1940s as soldiers returned from World War II. It features a modest ranch home that is improved over the years as the ad turns into color.



By Gaye Gerard, Getty Images
Australian model Anna Vitali.

"There is a nice history about the values of the founding fathers that are true to the organization today," says Pete Woods, vice president, marketing services. "These people had a very strong empathy for their customers. For the last 64 years, our management has talked to store associates about taking care of customers and each other."

ASK THE AD TEAM

Q. Who plays the model on the beach in the Verizon Wireless Friends and Family ad? In the ad, a young kid wants to add her to his "five."


—*John W. Fitzgerald, Winchendon, Mass.*

A. Australian Anna Vitali, 23, plays the model in the ad, and the beach scene was shot in Australia. The ad promotes the Verizon plan that lets the subscriber pick five phone numbers for unlimited calling. The kid gives his fantasy a shot, but the announcer chimes in that he'll have a tough time getting this beauty's number to add to his list.

Vitali is a model in real life and has modeled for La Perla in Milan, United Colors of Benetton, Australian Jockey Club and LG.

Find this article at:

http://www.usatoday.com/money/advertising/adtrack/2009-04-12-marketers-past-ads-future-sales_N.htm

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1
Something for Everyone; FAMILY-FRIENDLY RETAIL BRANDS

— Cecily Hall
311 words
15 April 2009
Women's Wear Daily
10
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PRICE, CONVENIENCE AND ASSORTMENT.

Those are among the key elements shared in a list of specialty, discount and department stores considered to be the most "family friendly," according to a recent survey by **Brand Keys**, a New York-based brand and customer loyalty research consulting firm.

"People are aggregating their dollars and their loyalty right now," said Robert Passikoff, president and founder of the firm. "It's easier for families to shop at places like these, because of their merchandise range." He noted the top-ranked brands are meeting or exceeding consumers' expectations.

Number-one-ranked Macy's is advertising on its Web site that online shoppers can save 20 to 50 percent in the women's, men's, juniors, kids', home, shoes, handbags and jewelry categories. Wal-Mart's Web site features testimonials from customers on why the store is their preferred shopping destination. One woman responded, "It's like a big family center — I can get food, school supplies; I can even get a bike for my child."

And Kohl's, which operates 1,022 stores in 49 states, is offering deals on everything from women's shoes to housewares, baking goods and clothing and toys for children. Another section of its site is devoted to gift ideas for Mother's Day.

The top specialty, discount and department stores considered to be the most family-friendly.

Macy's

Wal-Mart*

Kohl's*

Old Navy

Costco*

J.C.Penney*

J. Crew†

Dillard's†

Marshalls

H&M*

Kmart*

SOURCE: 2009 **BRAND KEYS** CUSTOMER LOYALTY ENGAGEMENT INDEX; THE FIRM SURVEYED 3,750 MALE AND FEMALE RESPONDENTS, AGES 18 AND OLDER; * AND † INDICATE TIES.

A shot of Old Navy's most recent weekly in-store promotion, which features discounts for all members of the family, including infants, toddlers, children, men and women.

Document WWD0000020090417e54f00070

April 22, 2009

ADVERTISING

Not Daffy or Donald, but Still Aflac's Rising Star

By [STUART ELLIOTT](#)

DURING the Depression, a comedian named Joe Penner slayed audiences with a routine he called "Wanna buy a duck?" Decades later, as tough times return, a marketer is playing up a duck whose pitch is "Wanna buy some insurance?"

The duck is the spokescreature for Aflac, formally the American Family Life Assurance Company of Columbus. A decade after the duck's advertising debut, the character is taking on a more prominent role in a campaign scheduled to start on Wednesday.

The duck will become a teacher of sorts, urging consumers and businesses to "Get the Aflacts" about how Aflac insurance works. The campaign, created by the Kaplan Thaler Group in New York, part of the Publicis Groupe, includes television and radio commercials, print and online ads, promotions, posters, brochures and presences on [Facebook](#) and [Twitter](#).

The duck is also lending a body part to a new theme for Aflac, which will be brought out with the new campaign. Rather than ending with the prosaic phrase "Ask about it at work," the ads will now conclude with this emotional promise: "We've got you under our wing."

(Somewhere, [Cole Porter](#) is ducking.)

The campaign is emblematic of efforts by many marketers to keep large-scale ad plans on track despite the recession. In some instances, the economy is actually emboldening them to try capitalizing on changing consumer needs and attitudes.

"This thing will ultimately be over," said Jeff Charney, senior vice president and chief marketing officer at Aflac in Columbus, Ga., referring to the recession, "and we want to be in a better position when it's over."

"Now more than ever, people need to hear from the duck," Mr. Charney said, because "if people really understood our products they would buy our products."

Aflac's supplemental insurance coverage, which pays a cash benefit to the insured, "is more relevant in today's world" of financial uncertainty, he added.

•

The duck, introduced in 1999, has been tremendously successful in creating awareness of Aflac's brand, said Mr. Charney, who joined the company in November from QVC, where he was also chief marketing officer.

The next step is to use the character to help potential customers learn the Aflacts, er, facts about policies and other products.

"We want to make sure our icon is relevant to what's going on in people's lives right now," Mr. Charney said, when "they want facts, not fluff."

"They're untrustful today, for a lot of reasons," he added. "If you tell them the facts, they'll feel better about the brand."

That approach seems appropriate to Robert K. Passikoff, president at Brand Keys in New York, a research company that studies brand and customer loyalty.

The device of featuring a duck that cries "Aflac!" rather than quacking helped produce "high awareness" for Aflac, Mr. Passikoff said, which originally "needed to call attention to itself."

Now, as Aflac needs to address "a certain lack of clarity about precisely what it does," he added, the goals of the ads ought to become "engagement and understanding."

As for building up the role of the duck, which is derided by critics as a gimmick, Mr. Passikoff said he believed "it makes a lot of sense."

"Mickey Mouse, he's not," Mr. Passikoff said, "but he has become part of the popular culture."

That is underlined in an Aflac sponsorship promotion for "Up," a film that the Pixar Animation Studios division of the [Walt Disney Company](#) plans to open on May 29. Ads depict the duck, a balloon in his teeth, floating in the sky with the movie's main characters.

"He's got a lot of feathers in his cap," said Linda Kaplan Thaler, chief executive at the agency named after her, which created the duck.

As for the criticism of the character as juvenile and the mnemonic device of "Aflac!" as tiresome, Ms. Kaplan Thaler replied: "You do advertising for the public at large. We don't do our advertising for the advertising industry."

"We're introducing the duck in his professorial role, explaining what Aflac is and why you need it," she said. "It's a very 'ownable' way to get across information you want people to remember."

•

The duck is taking on a new role as adman in the print part of the campaign, which shows him writing the text of magazine ads and posters with a special kind of pen — a feather, dipped in ink.

Although in the commercials “he is a duck of one word,” Ms. Kaplan Thaler said, in print “he’s finally getting it all out on paper.”

Asked if he may begin uttering more than “Aflac!” in the commercials, she replied: “That’s going to be up to him. Right now, the Aflacts speak for themselves.”

Aflac joins a long list of insurance companies that have stepped up marketing during the recession. Others include Geico, which introduced a character named Kash that symbolizes saving money, and Nationwide, which adapted its longtime theme, “Nationwide is on your side,” for a new campaign called “On your side.”

Aflac spent almost \$78.7 million to advertise in major media last year, according to TNS Media Intelligence, a unit of [WPP](#). That was a decline of 8 percent from the \$85.5 million spent in 2007, TNS reported, but an increase of 2.4 percent from the \$76.8 million spent in 2006.

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Ad Track: Kraft, FTD, Western Union adjust ads for recession

By Theresa Howard, USA TODAY

Marketers are making over many classic, even century-old American brands to address a change in consumers who are focusing more on basic values during the downturn.

Long-standing brands such as Kraft's Miracle Whip, FTD and Western Union are creating marketing for a new consumer mind-set to try to boost sales. As people continue to curb spending and their enthusiasm for overextending themselves, marketers are trying to re-create brands to be more relevant.

But marketing consultant Robert Passikoff warns that getting consumers to buy into a new look and buy the product takes time and money.

"Most of the time, marketers think they can come up with a zippier, modern logo and more modern music," says Passikoff, president of marketing consulting firm Brand Keys. "Repositioning a brand is difficult. And the more classic the brand, the more difficult it is."

Procter & Gamble has seen time and effort pay off with Old Spice, whose irreverent advertising since 2007 has helped it reach younger men.

The brand once known as a cheap cologne now includes products such as deodorant and body washes. Ads spoof old-school Old Spice ads with the sailor and use a tongue-in-cheek approach to sexy.

"It's been almost 2½ years of not taking ourselves too seriously," says Jay Gooch, Old Spice brand spokesman. "And we've achieved the goal of deepening our relationship with 18-to-34 males."

New marketing:

•**Miracle Whip.** The condiment was introduced in 1934 as a cheaper alternative to mayonnaise. And while pricing may be comparable today, the taste is not.



The florist network FTD is sprucing up everything from its ads to its website.

Kraft is promoting its zingier taste alternative to mayonnaise with the new message "don't be so mayo" and marketing that includes a social-networking application known as a "zinger."

"This is a big change for us," says Chris Kempczinski, Kraft senior vice president. "We used to market to moms. The campaign now is more toward the 18- to 34-year-old consumer. We want to re-engage these young consumers and get them into the franchise."

Now is the time, Kempczinski says, as people "look for cheaper, quicker meal solutions."

Marketing includes TV ads and the social-networking application developed by digital agency AKQA. The widgetlike device can be downloaded and lets people send, or "zing," messages.

•**FTD.** The 100-year-old network of 20,000 independent florists has a new website, a new look for its Mercury Man logo, new ads and new products, including a luxury line starting at \$179.

"This collection is not for everyone, but until recently, we didn't have any products for those who thought to give a higher-quality arrangement for special occasions," CEO Mark Goldston says.

"We look at this as sort of our Mercedes SL that's rotating in the middle of the showroom floor that will help them sell a lot of C-Classes and E-Classes," he says. "And it's really critical to the imagery of our company."

•**Western Union.** The 150-year-old money-transfer service began its first global ad campaign in February. The change comes as customers are cutting back on how often they send money to family abroad.

The upbeat ads that try to create an emotional bond with consumers and features the message "yes!" as the answer to questions about how to connect with loved ones.

"It's a very positive campaign, and it's very uplifting," says Kelly Kristin, a Western Union spokeswoman. "And it has good timing, too."

ASK THE AD TEAM

Q: Where was the ad for the Mercedes GLK 350 filmed? The car seems to be driving through an old European city. The last scene in the ad, in front of an old building with a triangular roof and a round window, looks very familiar and I keep trying to remember if I have seen it. Thanks.



Mercedes-Benz
The Mercedes-Benz GLK 350 rolls through Italy.

—Beth McLain Greenville, S.C.

A: If you have been to Tuscany or Rome chances are you have seen it. The luxury-carmaker and its ad agency Merkle+Partners ventured to Italy to capture the car's agility through those tiny curved roads in those beautiful locations. The Tuscany shoot was mostly in the Siena region, Mercedes-Benz spokeswoman Donna Boland says. "They were looking for narrow streets because the name of the game is narrow for the GLK," Boland says. "They wanted to show off the size and the handling since those are two big points for the GLK."

Boland says the crew filmed for three days, and those people on the streets are residents who agreed to appear in the ad — at no cost.

Q: Can you please tell me anything about the music in a current Toyota Corolla commercial? I realize there seem to be several Corolla commercials running now, this one just has a woman driving a Corolla. Thank you.

—Doug Jensen, Natick, Mass.

A: With help from ad agency Saatchi & Saatchi, Toyota's national ad agency, the Ad Team was able to find out that the music is an original score for the regional ad by TCAA USA.


The music helps set the tone for a calm anticipation of the rising sun to help set the big selling point: "Toyota Corolla. Reliable as the sunrise," says Dan Connors, chief operating officer for TCAA's Boston office.

"Different emotions called different instruments into play," Connors says. "Strings, piano, and guitar gave energy and assurance. French horns were added to create peak points and moments of heroism."

The ad runs in 49 markets in 11 states, and though it is made to drive people into showrooms, as most dealer ads are designed to do, the ad has a very national-brand feel about it. "We try to go for something that looks like a million bucks without spending that much," Connors says.

Find this article at:

http://www.usatoday.com/money/advertising/adtrack/2009-05-10-kraft-ftd-ads_N.htm

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Social Media: The Ashton Kutcher Effect

Social networks like Facebook, Twitter, and Tumblr win big when celebrities participate; no wonder they're wooing famous users

By [Douglas MacMillan](#)

Where celebrities go, fans follow. The truism applies as much in social media as in the real world, David Karp noticed after famous artists began using his blogging service [Tumblr](#). As a result, encouraging celebrities to set up accounts on the site has become "absolutely part of our road map and our business plan," Karp says. In fact, he recently hired a full-time employee to help high-profile users design and manage their blogs.

It's no secret that well-recognized players in a host of fields—from acting to athletics, music to politics—are using social media sites to connect with fans and promote their brands. Celebrities used to seek out promotion "in *People* magazine or *Vogue*," says Robert Passikoff, president of [Brand Keys](#), a researcher that tracks the value of celebrity brands. "It's now become a necessity to have a Facebook page."

But the benefits go both ways. Sites benefit greatly from the online cavalcade of stars. Oprah Winfrey's recent debut on microblogging service [Twitter](#) sent visits to the site skyrocketing 43% over the previous week, according to analytics firm [Hitwise](#). [Facebook](#), Google's ([GOOG](#)) YouTube, [Ning](#), and other Web 2.0 destinations have also seen swarms of activity around the profile pages of their famous members. And like Tumblr, social sites are going out of their way to keep the celebs happy and coming back.

OBAMA ON MYSPACE, FACEBOOK, AND TWITTER

On May 1 the Obama Administration said the White House is setting up profile pages on MySpace, Facebook, and Twitter. To accommodate 1600 Pennsylvania Avenue, News Corp.'s ([NWS](#)) MySpace agreed to build ad-free pages and equipped the profile to get automatic updates from the White House's official blog, MySpace says.

In some cases social networks give VIPs a heads-up on changes. Recently, Facebook worked with the handlers of select celebrity members, including CBS ([CBS](#)) news anchor Katie Couric and French President Nicolas Sarkozy, to get feedback on the new design of the site before it was opened to the public in March. "We don't have a formalized support program for public figures, but we do offer some support," says Facebook spokeswoman Brandee Barker.

Some privileged members of Facebook have also been assigned "vanity URLs," or short, simple, personalized Web addresses such as [www.facebook.com/KatieCouric](#). The company is considering whether to extend the feature to other users, Barker says. In April, [Facebook surveyed users](#) to see whether they would be willing to pay for vanity URLs, the blog AllFacebook noted.

Elsewhere the perks of fame are offered up more casually. Twitter co-founder Biz Stone credits high-profile users like actor Ashton Kutcher and basketball pro Shaquille O'Neal for bringing attention to the site of 140-character messages but says the company doesn't reserve any "special resources" for them. "Sometimes celebrities who love Twitter stop by and say hello," Stone says. "It's usually just a quiet tour and a lunchtime chat but it's really fun for us."

JOHN LEGEND TAPS TUMBLR

In addition to their promotional value, social networking celebrities represent a potential revenue source for these young startups. Tumblr recently helped musician John Legend design a professional-looking blog that matches the

look of his promotional site, created by [Sony Music Entertainment](#). Tumblr's Karp says he took that project on at no charge—in part to bring in Legend's fans but also to explore whether it makes sense to offer similar services at a cost. "For people who want the reach on our network, who want to be able to take advantage of our platform, at some point this does turn into a premium service," he says.

Ning already collects monthly fees from some of its users, many of whom are celebrities. The site is free for anyone who wants to build their own social network but charges as much as \$55 a month to users who prefer to keep their pages clear of ads or who want to collect revenue generated by ads on their pages. Although the service is not exclusive to stars, many of the most successful networks on Ning draw on the fame of their operators, including hip-hop artists 50 Cent and Q-Tip, rock band Good Charlotte, and Ultimate Fighting Championship titleholder BJ Penn. "The next generation of celebrities and social networks is in much richer and deeper collaborations [with fans] than what you see today on the more general social networks out there," says Ning CEO Gina Bianchini.

Many big names in business, including Dell ([DELL](#)) CEO [Michael Dell](#), use professional networking site [LinkedIn](#) more as a business tool than to amass legions of followers. Whatever their reasons for being on the site, LinkedIn uses the fact that executives from all of the 500 biggest companies are among its members to encourage other businesspeople to join the site, too.

[Douglas MacMillan](#) is a staff writer for *BusinessWeek* in New York.

Xerox Color. It makes business sense.

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Advertising Age®

Subway's \$5 Foot-long Becomes Yardstick for Fast-Food Meal Deals

Chains Fight to Keep Up With Competitor, but Will Consumers Buy It?

By [Emily Bryson York](#)

Published: June 08, 2009

CHICAGO (AdAge.com) -- If fast food has one truism, it's that success breeds imitators.

Subway handily beat its competition last year with the incredibly popular \$5 foot-long promotion. Doing so, it also crystallized the \$5 price point as the one to meet or even beat. The sandwich chain closed the year with double-digit same-store sales increases, and competitors went back to the drawing board. Subway, which is the nation's largest restaurant chain, has since made the \$5 promotion permanent for a handful of subs, and occasionally offers all of its sandwiches at \$5 for a limited time.



"It's become the institutionalized yardstick against which all of the meal specials are going to be judged," said Brand Keys President Robert Passikoff. "They're looking to expand their lines and their income streams. Doing that allows them to try and migrate the brands in different directions, and say, 'We have more than just fill-in-the-blank.'" The degree to which consumers will accept it, he added, is a moving target that also hinges on the marketer's ability to execute.

Subway continues to push \$5 sandwiches, but with a lot more company. Domino's launched a \$5 toasted sub this winter, [Quiznos has a \\$4 sandwich](#), and Kraft has introduced frozen sandwiches under \$4 from its DiGiorno and California Pizza Kitchen brands. Pizza Hut launched a \$5 calzone over Memorial Day weekend. Even McDonald's billboards in New York show a Big Mac, fries and a drink pointing to a full meal at the critical \$5 mark.

In some cases, the competition has gotten nasty. Subway sent Domino's a cease-and-desist letter in response to an ad from Crispin Porter & Bogusky [that says Domino's beat Subway](#) in a national taste test by a 2-to-1 margin. Domino's president David Brandon then [burned the letter in a TV spot](#).

While Subway claims that the ongoing promotion is sustainable for its system because of its size and subsequent leverage over vendors, how long smaller competitors can bear up remains to be seen. Some Quiznos franchisees have roundly criticized low-price promotions that affect their margins, but the corporation has said the \$4 Torpedo was designed to boost franchisee profit. In most cases, it's too early to say what products are getting the most traction.

Battle of the sandwiches

	SUBWAY	QUIZNOS	DOMINO'S
			
PRODUCT	Five-dollar foot-long sandwiches	\$4 Torpedo sandwich	Oven-baked sandwiches
AGENCY	McCarthy Mambro Bertino, Boston	Nitro, New York	Crispin Porter & Bogusky, Miami
THE PITCH	"Five, five, five-dollar foot-lo-oong." 12-inch sandwiches made right in front of you, just the way you like them, with any kind of bread and as many toppings as you want.	"Toasty Torpedo. Over a foot of Quiznos flavor. Only \$4." Launched in March, are served toasted, on a baguette.	Domino's sandwiches, starting at \$4.99, are oven-toasted and delivered to your door.
			
PRODUCT	\$5 P'Zones	DiGiorno flatbreads (frozen)	CPK (aka California Pizza Kitchen) Melts
AGENCY	BBDO, New York	DraftFCB, Chicago	Draf FCB, Chicago
THE PITCH	"Sub sandwiches leaving you cold? Heat things up. Get one pound of P'Zone." The calzone has the added benefit of being delivered.	Fast, easy, portable, cheaper, at \$3.19. New microwave technology makes them crispy when you don't have access to an oven.	Same as DiGiorno, although a little pricier at \$3.49. Consumers get all of the convenience with the CPK prestige, and fewer than 400 calories.



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Commerce

Retailers' May Misery

Tom Van Riper, 06.04.09, 4:55 PM ET

Another month, another round of lumps for U.S. retailers.

Sales at major chains were down across the board in May, from department stores to luxury chains and even discounters, according to the numbers gathered by the International Council of Shopping Centers. Same-store sales dropped 4.6% on average from May 2008, more than the 3% analysts expected. And with unemployment still rising and consumers still hoarding cash, don't expect things to improve any time soon, say experts.

"We're losing half a million jobs a month--what's that going to do for sales?" asks Howard Davidowitz, who runs New York-based Davidowitz & Associates, a retail consultancy and investment bank. He projects personal savings rates, which reached 5.7% in April, according to Commerce Department figures, to reach to 9% or higher in the coming months.

Big department store chains, which rely largely on apparel, continue to lag. Comparable sales from last year were off 8.2% at J.C. Penney, 9.1% at Macy's and a whopping 28% at Abercrombie & Fitch. Also down were Limited Brands (off 7%), and Gap, which saw comp sales drop 6%, despite a solid performance from its Old Navy unit.

Things were even worse at luxury retailers, which customers have largely avoided like the plague during the credit crisis. Same-store sales dropped 26.6% at Saks and 13.1% at Nordstrom from May 2008.

Even the discount sector--a relative safe haven that's grabbed up shoppers looking to economize in recent months--had a lackluster May. Sales were off 7% at both Costco and BJ's Wholesale Club, thanks in part to lower gas prices. Target, the priciest of the discounters, reported a 6.1% drop. Shoppers, Davidowitz notes, are still gravitating to basic necessities at low prices. Ruling that space is Wal-Mart, which no longer announces monthly sales results. Target, more dependent on discretionary spending, is getting hit.

"It's just a bad time to be in discretionary goods," says Davidowitz.


It's been a rough first half for Target. May was the fourth month out of five that comparable sales declined, each time by 3.3% or more.

Meanwhile, Father's Day spending is expected to drop 5% this year from 2008, according to a recent survey from market research firm Brand Keys. Four in 10 people say they will be buying their Father's Day gifts at discount stores, a 4% jump from last year.

Some industry followers see rays of hope on the horizon. Consumers aren't actively seeking deals before buying as often as they were last summer, according to the latest survey from Retail Forward, a consultancy and market research firm specializing in retail strategies. When asked in May how much the economic environment has changed their shopping patterns, only 27% said it's changed their behavior "significantly," down from 34% who said so last August.

"Fewer people are seeking deals, trading down or limiting [their purchases], which is a good sign," says Frank Badillo, a Retail Forward economist. The May sales numbers suggest many shoppers are in fact still doing those things. But the evidence of a change in mindset could be a sign that things are ready to thaw. Badillo still sees negative sales growth continuing through the summer before turning positive in the fourth quarter.

Retailers, meanwhile, have done a decent job adjusting to the new reality, Davidowitz acknowledges, by slashing overhead and downsizing payrolls and store counts. But it will be a while before they'll be looking for the next consumer spending binge to kick in.

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Up Front With Family Planning

July 21, 2009

-By Dan Alaimo

Consumers have stopped whispering about the family planning category.

Many years ago, the condom customer was easy to spot. It was the guy — always a guy — hanging around the pharmacy counter, waiting for the line to go down so he could talk privately with the pharmacist.

Today, condoms, along with lubricants, pregnancy testing kits and some new related items, are out on the shelves, and customers — men and women — don't hesitate to put them in their shopping cart and pay at the front.

At the same time, the so-called “morning after pill” — given the brand name Plan B by Barr Pharmaceuticals of Montvale, N.J. — is sold by pharmacists from behind the counter. Last month, the Food and Drug Administration (FDA) lowered the age limit for purchasing this product without a prescription from 18 to 17, following a judge's order. Prescription sales of other contraceptives continue.

Advertising and promotion for the over-the-counter family planning products has increased in recent years, and there is some related impact from the heavy ad rotation on behalf of products like Viagra. Although targeted at different audiences, some see the cumulative effect of all this promotion as making people more comfortable with sexual topics in general.

Additionally, the Obama administration is expected to step up sexual education efforts in schools, which should be good for condom sales.

“There's a whole process that is going on about stuff that people used to whisper about that have come more and more into the open,” says Jim Wisner, president of Libertyville, Ill.-based Wisner Marketing Group. That has created an environment where individuals are more comfortable shopping for these products. “You are seeing them discussed and promoted on mainstream television and other places more often. So, that certainly is helping to grow the category,” he notes. “People are tossing it in their cart just like canned green beans. They aren't thinking twice about it.”

“There doesn't seem to be as much of an embarrassment issue as in the past,” agrees John Beckner, director, pharmacy and health services, Ukrop's Super Markets, Richmond, Va. “There is a fair amount of consumer advertising that makes those products more accepted and mainstream.”

From the health standpoint, it's a product category that any store in the pharmacy business needs to carry. “It's another opportunity — if people have questions, they shouldn't be ashamed to ask their pharmacist about them,” he says.

Everybody's Talking

“It's as though we know too much,” says Marcia Mogelonsky, senior research analyst at Mintel International Group in Chicago. “There is more on the air about personal lubricants and erectile dysfunction and menopause and everything else than we ever really wanted to know.”

In the past, “we were never really comfortable talking about it, but now, everybody talks about everything,” she adds.

Mogelonsky attributes this in part to baby boomers, who grew up during the “sexual revolution” of the '60s and '70s, as well as to a younger generation that has always heard about sexually transmitted diseases. Condom use is now out in the open. “Teens as well as adults know this, and they know that for their own safety, as well as the safety of others, these things can't be a secret anymore,” she says.

Consumer acceptance of products like condoms has become a part of the culture, notes John Fegan, VP, pharmacy, at Winn-Dixie Stores in Jacksonville, Fla. “Today's younger generation gets educated about them early in their schooling, and have a better understanding. It's almost second nature.”

Much more sexual education is needed, and under the new president, it's likely to happen, says Michael Swartz, associate analyst at SunTrust Robinson Humphrey in Atlanta, which follows Church & Dwight Co. of Princeton, N.J., owner of the category leading brand, Trojan. For example, he says research has shown that the number of 17- and 18-year-olds who haven't had sexual education is “pretty eye-opening, and I think the Obama administration is going to do some things to bring the education level up to par. This will benefit the condom category,” Swartz observes.

“When you have more education, people won't find it so embarrassing, or such a sensitive topic. When it is out in the open and people feel free to talk about it, it is going to provide a spark for the industry as a whole,” he continues.

Category Strength

The family planning category in food stores with \$2 million and over in sales (excluding supercenters) is holding its own in the recession, according to The Nielsen Company, based in Schaumburg, Ill. Total family planning products tracked by Nielsen were \$120.9 million for the 52 weeks ending March 21, 2009, which was down 1 percent from the previous reporting period. Contraceptives were up 1.2 percent to \$68 million, while female contraceptives were up 10.6 percent to \$10.1 million, and male contraceptives were down 0.3 percent to \$58 million. Pregnancy and infertility kits declined 3.7 percent to \$52.7 million. Unit sales showed generally declining numbers. Private label is not a factor in this category, where branded products had a 98.6 percent share at the end of last year, according to Nielsen.

“The condoms are still selling. That's a category that works,” Fegan says.

“The category has become mainstream,” notes Robert Passikoff, president of New York-based Brand Keys. Advertising and promotion by the pharmaceutical companies, including that for erectile dysfunction drugs, has contributed to this, as well as public service announcements about sexually transmitted diseases and AIDS, he says.

For the future, “I think it is just going to grow. People are always looking for something new. The issue in this category, as well as other categories, is consumer expectations always will increase faster than the

available brands can meet them, so there is always a gap. So, new product providers are always going to come into the marketplace,” Passikoff says.

“The family planning section no longer has to fight to get out from under the pharmacy department; in fact, being too near pharmacy may well be a problem,” says Roy White, VP, sales, at the Food Institute in Elmwood Park, N.J. “The next level for this department is for merchandising to move away from the ‘family planning’ term, and move into something like ‘sexual well-being,’” he suggests.

Products in the category are moving beyond condoms into other areas that are based more on enhancing the experience, such as lubricants. “Also in the future for the category, as seen in a wider view, are outpost displays, and retailers and consumers are likely ready for that,” White says.

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Transcripts

NBR Transcripts: August 19, 2009

Wednesday, August 19, 2009

The Taxman Cometh For UBS's American Clients

SUSIE GHARIB: The Internal Revenue Service today lifted the veil of secrecy on a major Swiss bank. The names of 4,500 Americans with accounts at UBS were handed over to the taxman. Those clients are suspected of hiding their assets and evading U.S. taxes. At one time, those accounts held more than \$18 billion. A tentative deal was reached between UBS and the IRS last week. But the details weren't made public until now. IRS Commissioner Doug Shulman says the agreement sends a strong message to all Americans, including tax cheats.

DOUG SHULMAN, IRS COMMISSIONER (BY TELEPHONE): We will use all of the enforcement tools at our disposal to pursue you. For honest hard working everyday Americans -- school teachers, firemen, policemen who pay their taxes, the message is also clear. Wealthy people can't skirt the rules and hide assets. We are going to insure that everyone pays their fair share of taxes.

GHARIB: Speaking of fair shares, late this afternoon, the Swiss government announced it's selling its stake in UBS. The Swiss hope to recoup more than \$5.5 billion on that sale.

The New Credit Card Rules

SUSIE GHARIB: And changes are coming tomorrow for American consumers. Thanks to the credit card act of 2009, a new set of rules goes into effect, including, the ability to reject rate increases. But as Jeff Yastine reports, it's already having some unintended consequences.

JEFF YASTINE, NIGHTLY BUSINESS REPORT CORRESPONDENT: Across the country right now, there are thousands of people just like Kirk Arthur. He keeps several credit cards and when he attempted to make a small purchase with one of them last weekend, he found it was canceled without any advance notice.

KIRK ARTHUR, CREDIT CARD CANCELED: There's that feeling of embarrassment. You just feel, oh, what did I do wrong? And then I got angry because I knew I hadn't done anything wrong and there was the disconnect. I've been a good customer. I pay my balances off on time.

YASTINE: Arthur's cancellation comes as part of an industry-wide movement to get out ahead of the credit card act of 2009. Curtis Arnold, founder of cardratings.com, says the number of accounts being cancelled or switched to variable rates has surged in recent weeks.

CURTIS ARNOLD, FOUNDER, CARDRATINGS.COM (BY TELEPHONE): This is crazy, unprecedented things that are happening right now. This is probably a worse case scenario example. Not happening to millions and millions of account holders, but it is starting to happen and we're starting to hear about it anecdotally.

YASTINE: Starting tomorrow, consumers will now get their statements 21 days before payment's due, instead of the current 14 days. And card issuers will have to give at least 45 days advance notice to rate hikes, instead of 15 days now. A second phase of changes comes in February with even more protections for card users. Bankrate.com's Leslie McFadden says the law is forcing adjustments on issuers and consumers alike.

LESLIE MCFADDEN, CREDIT CARD COLUMNIST, BANKRATE.COM: We're already seeing rate coming up, credit limits coming down, minimum score requirements going up. So there are some negative consequences, but I'm glad to see that consumers have more protections on their credit cards.

YASTINE: Consumers who tend to carry large balances or have inactive accounts, are most likely to see card cancellations. Experts say paying down balances will lower the probability of seeing a no-notice cancellation. But as Kirk Arthur's experience shows, no one's immune as card users and card issuers adjust to the new, more regulated landscape of consumer credit. Jeff Yastine, NIGHTLY BUSINESS REPORT, Miami.

Whole Foods CEO , John Mackey Jumps Into The Health Care Debate Fire

SUSIE GHARIB: The CEO of Whole foods is speaking out against health care reform. John Mackey says the Obama reform plan would become a massive entitlement program. He expressed his views last week in a highly critical op-ed piece in the "Wall Street Journal." As Stephanie Dhue reports, those views have landed him in a heap of trouble with some loyal customers.

STEPHANIE DHUE, NIGHTLY BUSINESS REPORT CORRESPONDENT: Whole Foods is better known for its organic and natural products than for its politics. The brand appeals to shoppers who want sustainable seafood and environmentally friendly foods. But CEO John Mackey's editorial against so-called Obamacare has tarnished the chain for people like Mark Rosenthal. He started a boycott Whole Foods group for people who disagree with the CEO's health care views.

MARK ROSENTHAL, BOYCOTT WHOLE FOODS (BY TELEPHONE): Whole Foods built their brand on offering progressives, especially extra value for their product. The principles that Mackey was espousing made me think, this is not the company that I thought I was supporting.

DHUE: The group, started last Friday, already has 16,000 members on facebook and is also spreading the word on twitter. At first Whole Foods responded that the op-ed was Mackey's personal view. But in a statement today, the company says it appreciates those customers who shared their feedback. Whole Foods has concerns about any type of changes that would hinder our ability to continue offering team members health insurance. Branding expert Robert Passikoff says the emotional reaction to the CEO's op-ed will cost the company.

ROBERT PASSIKOFF, BRAND KEYS CONSULTING: These days in this economy, a loyal customer can be worth quite a bit of money. If you even just extrapolate out against the people who felt angry enough to list their names on the facebook boycott page and multiply that out times their weekly buys, it adds up to a lot of money.

DHUE: Financial analysts doubt the issue will derail the company's long-term prospects. Many shoppers like Erin Gray, won't change their shopping habits.

ERIN GRAY, WHOLE FOODS SHOPPER: I feel like it's just almost un-American to boycott something simply because you disagree with what they have to say, as long as what somebody is saying is not offensive then I don't see the point in a boycott.

DHUE: Whole Foods is already grappling with selling a premium product in a recession economy. Analysts say while this controversy may not have a huge impact, it won't help. Stephanie Dhue, NIGHTLY BUSINESS REPORT, Washington.

The Market Maker For Hard To Trade Securities

PAUL KANGAS: It's been said that at some price, any trade will clear. But that doesn't always mean it's easy to match sellers with would-be buyers. Now there's a new marketplace which hopes to be the match maker for those tough trades. Scott Gurvey takes a look.

SCOTT GURVEY, NIGHTLY BUSINESS REPORT CORRESPONDENT: Got a white elephant you'd like to get rid of? This is the place to bring it. SecondMarket looks like your standard Wall Street trading floor. But it brings together buyers and sellers willing to trade otherwise illiquid assets. Barry Silbert founded SecondMarket in 2004.

BARRY SILBERT, CEO, SECONDMARKET: We started off with something called restricted stock and warrants in public companies. And then we added eight new markets over the past four years ranging from something called auction rate securities to private company stock and even recently the California IOUs.

GURVEY: This is not eBay. Buyers must meet regulatory standards for sophisticated investors, those permitted to buy unlisted securities. SecondMarket works cooperatively with the SEC, FINRA, SIPC and other regulators and it arranges the escrow and legal paperwork on all sales. SecondMarket collects a transaction fee on successful trades, making \$20 million in 2008 on \$1 billion worth of transactions.

SILBERT: There's trillions of dollars of illiquid assets out there. We're involved in things like the toxic assets which are mortgage-backed securities and CDOs. And just because they're illiquid doesn't mean that they're distressed or not a good investment. So things like private company stock, which is going to be an active market for us in good times and bad times will obviously improve as the economy improves, whereas the toxic assets we certainly hope to help clean out the system and move on.

GURVEY: Tim Connolly of Corporate Strategies turned to SecondMarket when he needed to raise cash for the family trust and pension funds he manages. The assets were auction rate securities but, because of the credit market freeze, there were no auctions. SecondMarket found a buyer in two weeks.

TIM CONNOLLY, CEO, CORPORATE STRATEGIES (BY TELEPHONE): In this case, it was a buyer who managed a large number of IRAs and so the people in the IRAs got a tremendous deal because the IRAs can be patient and that's pension plan

money that could wait until this thing's paid off. And so all these IRAs got it at a discount. They got a small fee and we got our liquidity back. It worked just perfectly.

GURVEY: There are no financial restrictions on sellers, but of course some assets are still more illiquid than others.

SILBERT: We get inquiries of people trying to sell things ranging from an ice skating rink to assets, mines in Siberia. Fortunately, we have buyers for lots of assets. Unfortunately, some of the more unique ones we don't have buyers for, at least not yet.

GURVEY: Which is a shame because I've got a bridge I'd like to sell. Scott Gurvey, NIGHTLY BUSINESS REPORT, New York.

"Street Critique"-Doug Roberts, Chief Investment Strategist at Channel

PAUL KANGAS: Tonight's "Street Critique" guest says right now the markets are particularly susceptible to bad news even with the economic optimism we've been seeing. He's Doug Roberts, chief investment strategist at Channel Capital Research and author of "Follow the Fed to Investment Success." Doug welcome to the program.

DOUG ROBERTS, STRATEGIST, CHANNEL CAPITAL RESEARCH: Thank you, Paul.

KANGAS: On Wall Street we saw big selling on Monday followed by modest comebacks yesterday and today. What is your take on the current market?

ROBERTS: Right now we've come a long way, Paul, from a period in March we were at an extreme degree of pessimism. People thought the world was falling apart. Now we've been fueled by basically better than expected earnings and also better than expected economic news. Although the absolute news hasn't been particularly good, it has been better than expected. We're now seeing a few chinks in the armor that are appearing as news throws doubt on the question. Although there may be a bottom, the question is how much of a bounce we'll be getting and that's really what you're seeing over the last couple of days.

KANGAS: So you're not a full-fledged bull by any means, are you?

ROBERTS: No. I think I can be bullish short-term. But I think long-term these problems are going to take some time to work out.

KANGAS: I understand you're expecting the markets to suffer from performance anxiety this fall. What do you mean by that?

ROBERTS: Performance anxiety means that the market tends to go up, you're going to have a lot of long only money managers who are going to be forced to participate in this just to keep their jobs. There's a saying on Wall Street that if you're down when everybody else is down you're not going to get hurt, may not get a bonus. However if you're down or lagging when everybody else is outperforming, that's a real danger to your job so, you may have a lot of money managers who are forced to buy into this market if it continues to go up. Even if the numbers -- even if they really don't believe that this is a lasting rally.

KANGAS: Interesting and I think you're right on target there. Tell me about what you call your three bucket approach to investing. What is that?

ROBERTS: Well, in this type of environment where there's a high degree of uncertainty, I believe that investors have to divide their money into three buckets. The first bucket is money that you need immediately and that should be very, very safe and concerned more with preservation of capital and return of capital than return on capital. Then you have your long-term money which can be a bit more aggressive and long-term with. And then the third bucket is really money that you have in the middle and you really have to view that as more trading money, money that you're going to take profits much more quickly as they arise.

KANGAS: Now with that in mind, what is the favorite sector that you have right now in the stock market?

ROBERTS: Right now I believe this is a government trade, really areas that are going to be benefiting from really the government involvement in the economy which is increasingly on life support with government help and that's really technology, since technology benefits from really the fact that you can replace jobs with software, with technology solutions and that's a much cheaper alternative. I think that's going to continue.

Also you've seen in health care really that's again a government focus and right now the pharmaceutical industry has determined that they can make money in this environment by lowering their marketing costs.

KANGAS: So technology and health care, pharmaceuticals.

ROBERTS: Exactly.

KANGAS: Very good, Doug, our time is up but I want to thank you for being with us.

ROBERTS: Thank you, Paul, for having me on.

KANGAS: My guest Doug Roberts, chief investment strategist at Channel Capital Research.

"Money File"-Saving the Economy With Saving

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Shop Talk

RETAILERS, CONSUMERS AND PRICES

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15:53 August 11th, 2009

Consumers learning frugal back-to-school lesson

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 Posted by: [Chavon Sutton](#)

 Tags: [Shop Talk](#), [back to school.](#), [Brandkeys](#), [economy](#), [NPD](#), [retail](#)


Could Americans really be getting the hang of life without excess? According to two recent consumer studies, they just might be.

NPD Group Inc, a market research firm, said on Tuesday that it found consumers are starting their back-to-school shopping later, spending less, and shifting away from discretionary items like shoes, clothes, and beauty items. Instead, they are focusing on necessities like school supplies and calculators.

"Back-to-school will be a big indicator of the consumer's psyche with regard to overall spending this year compared to last year," said Marshal Cohen, NPD's chief industry analyst. "Consumers are clearly putting need over desire. They are more highly influenced by value than by fashionable or trendy products."

According to NPD's survey, the number of people who said they either 'haven't started' or 'don't plan to shop for back to school' by the end of July dropped 5 percent from last year .

About 44 percent of respondents said they planned to spend less for back to school, compared to 35 percent last year. The study also found that the percent of back-to-school dollars people plan to spend on footwear and apparel fell 9 points to 39 percent and 8 points to 52 percent, respectively.

Meanwhile [BrandKeys](#), a marketing consulting firm, surveyed 10,000 households across the United States in July and found that the plans for back-to-school spending were down 10 percent this year. Spending fell across all categories, except for clothing.

"Clothing is unchanged because children grow," said Robert Passikoff, president of [BrandKeys](#). Even though spending fell in categories like computers, school supplies and study aids, Passikoff said kids will be going back to school pretty well kitted out in the classroom.

"Even in this economy, it's still true that any investment in knowledge always pays the best interest," he said.

(Reuters photo)

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August 11th, 2009 8:59 pm GMT

I saved quite a bit this year by looking for many of the basics (like backpacks and clothing) on the web. Most online retailers mark down their already low prices pretty dramatically on this stuff. To cut down on costs this year, I made a list of the back-to-school items I needed for my family and am using a free shopping service called ZingSale.com to let me know when any of them go on sale.

- Posted by Julie

August 12th, 2009

In our home, we consider shoes and clothing to be "necessities," not



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MarketingDaily

Commentary

GM Needs To Step On Gas

Robert Passikoff, Sep 03, 2009 05:00 AM

Auto sales increased in August, mostly due to the government's popular "Cash for Clunkers" program. Sales increased 1% versus last year and are up 26% versus last month. Ford posed a 17% gain, but unfortunately GM sales dropped 20%.


Analysts leniently suggested that GM has been distracted by its reorganization frenzy, but we'd suggest that the problem is less about being busy and more about broken branding. GM was never very good at branding, and even now doesn't present its cars in any context that is meaningful to consumers -- despite what would have seemed the ultimate wake-up call of having to go hat-in-hand to the taxpayers to keep them in business.

But this is not a recent condition. Back in 2005, after reporting a \$1.1 billion loss, the remedy that GM management suggested was to put the GM Mark of Excellence logo on all recently introduced models in an effort to link the corporation to its divisions. Presumably, this was deemed a good idea because, as the company pointed out with its usual mid-20th century bravado, "everyone was familiar with the GM brand!"

Given that loyalty was down in virtually all its divisions, it was an interesting marketing proposition: Link automobiles that stand for little in the consumer's minds with a manufacturer that stands for even less. Consumers knew GM made cars and trucks, of course, but on the rare occasions they thought about GM, they didn't think very well about it. Even the strongest brands, never mind GM, cannot afford to base marketing on awareness and not the meaning of their brand.

We were pleased to note that GM is removing its Mark of Excellence logos from all of its Chevrolet, Buick, Cadillac and GMC vehicles. That would seem to be a good start. But it is just that -- a start -- and GM is going to have to change the big-brand paradigm that got it there and drive with an intense focus toward real consumer values and expectations. And if its "reinvention" ad is any indication of the brand's collective mindset, it is still dealing in the archaic image of advertising better suited to an episode of "Mad Men" than the YouTube landscape of today, where a pointed parody of the ad is racking up the hits.

We hear a lot about "reinvention" from GM. But as anyone who has experienced real change knows, it takes far more than emotional language and a good orchestra to make it real. Consumers will be the final judges, and as one of the many with a stake in this ground, we are hoping that GM steps on the gas and does the research to create a truly new brand architecture for its cars. Looking in the rear-view mirror won't help.

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Instant Coffee Buzz

Oct 6, 2009

[-By Robert Passikoff](#)

Note to brands: be careful how you tinker with your category.

Starbucks, once the darling of Wall Street analysts and stockholders alike, is taking bold steps to transform the now ailing brand to its former glory. Its latest, and largest, national launch comes under the name of "Via" -- the first instant coffee beverage offered by the brand that put luxury into the coffee category with its European-inspired cafes, which are now ubiquitous if no longer unique. Going after the \$21 billion global instant coffee market (per Fox Business) currently dominated by Nescafe and Sanka, Starbucks claims it's not in competition with these economy brands, but rather is injecting a higher-end, higher-quality offering into the instant category, a strategy that worked for it when the brand first introduced Americans to custom-crafted beverages.

There may be a bigger shift for Starbucks in Via's introduction than just a simple line extension. Starbucks frappuccino has been served cold in convenience stores and supermarkets with little apparent cannibalization of the mother brand--not surprising as coffee aficionados have never thought of the bottled beverage as real coffee anyway. And ground and whole bean Starbucks has been available by the bag in retail outlets for years. What's different about the move to instant is Via functions as a replacement for brew and makes it so easy that one wonders if for Starbucks this is a move further away from a service business towards a consumer packaged goods business.

If a consumer can simply flip on the kettle, fill the travel mug and go, those morning store visits may disappear, as well as those mid-morning coffee runs from offices well-stocked with Via. Starbucks claims that in markets where tested, Via did not steal from their existing store business. But it's not hard to imagine -- especially in today's value-for-dollar economy -- that customers won't find Via a perfect solution to cutting back on their costly coffee habit while holding onto the taste that they've come to love.

From a brand perspective though, you can't have it both ways. It's a hard argument to make that you are a luxury brand and that it's right and proper to pay more for Starbucks in its stores because it's "premium" and "crafted" for you, while telling them you can have just as good a taste experience with instant coffee.

Consumers quickly learn to adapt to the coffee landscape, which is why McDonald's lattes are just fine, thank you. Calling attention to a new segment in such a big way also calls attention to the entrenched giants of the instant world, who, it will be presumed, also offer a better value-for-dollar equation.

In addition, Brand Keys' annual research shows "Service and Surroundings" is still the strongest driver of loyalty and engagement in the out-of-home coffee category, and the category in which consumers hold the highest expectations. Our research also shows that Starbucks trails Dunkin Donuts and now McDonald's in this driver and in the category overall. Thus, its move into the in-home coffee category with a "ready brew" may signal a major shift away from retail into consumer packaged goods.

The wisdom of Starbuck's decision centers on whether or not premium-coffee consumers find the task of brewing coffee bothersome. With the taste problem apparently solved, the question remains whether this is a solution in search of a non-existent problem. If the consumers now willing to pay more at both the store and in the aisle for Starbucks don't want an instant, that leaves Via to Nescafe and Sanka users. It's difficult to imagine that most folks now using the big instant brands at a fraction of Via's price will suddenly be willing to spend far more for a taste they haven't felt the need to pay for before, particularly in the current economic climate. Looking at the category through that lens, Starbuck's CEO Howard Schultz is likely correct when he says that Via is not competing with the major instants.

Instants are far more common in Europe, with the finest hotels often stocking a quality coffee in a just-add-water package. The introduction of Via may indeed come to be seen as the second time Starbucks has used a European way with coffee to change the American coffee landscape. And while this new product may turn into a desperately needed new income stream for Starbucks, it's more likely that from a brand development perspective, it's a move away from the category Starbucks once dominated. The unanswered question is whether Starbucks can make it as a packaged goods brand or if this is just another example -- like Starbuck's introduction of new blends and couponing strategies-of being late to market and too late to save the brand.

Robert Passikoff is founder and president of Brand Keys. He can be reached at robertp@brandkeys.com.


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Net Effect

In a season full of flou, lingerie looks were on many Paris runways, including John Galliano's, and he gave these signature styles a pretty Old Hollywood spin for spring. Here, one version in chiffon and point d'esprit. For more on the trend, see pages 6 and 7.

Brain Scans and Beyond: Marketers Tap Science To Stimulate Shoppers

By Valerie Seckler and Cecily Hall
IT'S SCIENTIFIC MARKETING.

Brain scanning is being used to help predict how shoppers will respond to products and shopping environments. And firms ranging from teen retailer Abercrombie & Fitch Co. to The Walt Disney Co. want to encourage the impulse to purchase, partly by stimulating the senses through smells, sound and light.

The pressures of the recession and reduced consumer spending are spurring more companies to turn to techniques such as sensory marketing and neuromarketing, which measures the brain's responses to common experiences, like touching a soft, new piece of clothing or shopping for a luxury handbag.

The testing and use of neuromarketing has roughly doubled this year, compared with

See **Brands**, Page 8



Marketing

Brands Turn to Science to Lift Sales

Continued from page one

2008, among the world's 100 biggest brands, said consultant Martin Lindstrom, the author of "Buyology: Truth and Lies About Why We Buy" (Doubleday, 2008).

"For good or for worse, neuromarketing has spread," Lindstrom said. "Between 20 and 25 percent of the biggest brands are using it; a year ago, it was 10 to 12 percent."

Brain scanning equipment is being applied to identify what stimulates craving, status seeking and other responses. Microsoft Corp., Google Inc. and McDonald's Corp. are among the big players who have used the process, Lindstrom said.

The cost of collecting and mining brain activity has fallen by half since 2007, to about \$50,000 to obtain and analyze the subconscious desires of 30 to 50 people.

These approaches to motivate shoppers also are being prompted by instant communication via tweet, blog, text message or e-mail blast, which can result in a new movie or a product being branded a failure within hours of its appearance.

"We live in a 24-hour cocktail party right now," said Richard Laermer, president of RLM public relations. "The minute you do something people don't think is right, people will be tweeting about it."

Concerned about remaining attractive to wealthy customers without appearing over-the-top, a major luxury brand is using neuromarketing to position a new line of handbags, Lindstrom said. The brand, which he declined to identify, is using EEG's to monitor brain activity as people shop two of the firm's stores in Europe and a third one in the U.S. MRIs are being tapped to identify what makes a certain bag a must-have — what is it that tickles the brain's parietal lobe, making a person feel superior to others?



Shoppers' subconscious desires may change during repeat visits to a high-impact destination like Niketown.

NIKETOWN PHOTO BY JOHN ROMAN; SHOE BY THOMAS HAINING/CONNE-LION LOGO BY INFL.COM

“The first time you visited Niketown, you were floored. How did it look the 12th time? There isn't always such a clear connection between stirring these feelings, and needing and wanting stuff.”

— Paco Underhill, Envirocell

"This is the first time I'm aware of that we'll be seeing this kind of data on shopping in a luxury environment," Lindstrom said of people who donned caps with inputs, enabling battery-powered devices to track their brain waves as they shopped. "How do you show luxury without showing too much luxury?"

Experts said the increased interest in sensory marketing — appealing to smell, hearing, taste, touch and sight — also has been spurred by companies seeking to innovate.

Researchers at Concordia University in Montreal have concluded that sensory marketing influences consumers' choices. Anyone whose taste buds have responded to the aroma of chocolate, pizza or fresh-baked doughnuts has experienced a form of it.

The goal is to get consumers' attention and commitment in a tough marketplace.

"You don't see these details in companies' marketing strategies — this kind of stuff doesn't get written and documented," said Robert Passikoff, brand strategist and president of New York-based brand agency Brand Keys Inc. "There is no financial measure for sensory marketing. How a visual layout of a store affects a retailer's financial performance, for example, is difficult to measure."

Passikoff added, "You can't turn off your sense of smell. A connection to positive consumer experience has to do with scent, because it's obvious. So the challenge for retailers and fashion brands is to tap into all the senses and come up with ways to affect consumers through the store experience. The experience becomes the differentiator."

Abercrombie & Fitch has spent more than \$3 million in the last two years on machines that generate its "Fierce" fragrance in the chain's more than 350 locations. The retailer filed a lawsuit last month seeking to block Beyoncé Knowles from launching a perfume with Coty Inc. under the name of her alter ego, Sasha Fierce. A&F said its "intent is that all garments that leave the store have the Fierce scent attached to them."

The teen retailer's sensory marketing strategy goes beyond fragrance.

"From the product to the store design to the visual experience they're throwing at you — it's a multisensory approach," said Harald Vogt, founder and chief marketer of Scarsdale, N.Y.-based Scent Marketing Institute. "Stores are dark inside, and they highlight products

with light...you can see the images of half-naked models on the walls. Music is blaring...They want to drive traffic, they want to pull you in."

Disney, with help from Apple Inc. chief executive officer Steven Jobs, a board member, is said to be considering a makeover of its 340 stores that will make them interactive spaces akin to a theme park with recreation options ranging from karaoke contests to stores made to smell like a Christmas tree.

The recession-battered auto industry is rolling out scents in dealerships, including vanilla, leather and grapefruit.

"The goal is for a scent to make people feel comfortable," said Spence Levy, president of Miami-based Air Aroma America, which provides scent marketing



The roaring MGM lion and Christian Louboutin's red-soled shoes are sensory signatures.



systems. "You want light, easy scents — nothing complex. Complex is a turnoff in the brain."

Thomas Pink stores have long used a signature scent.

"You don't see this publicized in their marketing strategy, which is similar to many of these other retailers," Vogt said. "You walk into a store that sells shirts in bright colors and ties — you have that light, floral, citrus scent, and that's what highlights the experience and complements the product."

Thomas Pink president and ceo Jonathan Heilbron said the "fresh line-dried linen" scent is intended "to enhance the shopping experience."

Aradhna Krishna, a professor of marketing at the University of Michigan's Ross School of Business and the editor of "Sensory Marketing: Research on the Sensuality of Products" (Routledge Academic), to be published in

December, said some brands have established strong sensory signatures that are immediately recognizable and an important part of their DNA.

"For hearing, think about the roar of a lion: You know right away it's MGM Studios [Metro-Goldwyn-Mayer] when you hear the lion roar," she said. "Visually, think about the color pink for breast cancer: You see pink, you think breast cancer: You think Susan Komen [breast cancer research]."

Another visual example is Christian Louboutin's red-soled shoes. "You see those red soles, you know they're Louboutins," Krishna said. "If you can have a sensory signature...the consumer is automatically cued into the brand."

Effective advertising in a shaky economy "depends on awakening raging desires," said Robert J. Thompson, professor of pop culture and television at Syracuse University. "Having fewer assets doesn't mean you're going to desire less."

One reason for Americans' reputation as an optimistic people is their enduring belief that "a new car, a new dress, a new house will make us more loveable," Thompson added.

However, new marketing techniques are not slam dunks.

Paco Underhill, managing director of Envirocell research and consulting, said he is skeptical about whether neuromarketing will become a relevant, affordable tool that's "here to stay." When a cap with inputs is placed on a shopper's head and they are told their brain's responses are being recorded through a remote device on their hip — or by someone trailing them with equipment — there's a sense of doing something unfamiliar.

"That's not really shopping," Underhill said.

"I'm fascinated with the depth of the information, but one question is: Once I use it, can I use it again?" Underhill said of recording subconscious responses to products and environments. "The first time you visited Niketown, you were floored. How did it look the 12th time? There isn't always such a clear connection between stirring these feelings, and needing and wanting stuff."

In the near-term, neuromarketers may play more on people's anxieties, given uncertainties such as the economic environment and swine flu virus, for example.

Fear tends to feed on itself and create a sense of hypervigilance in people, Lindstrom said, noting: "Companies are riding this, from packaging design to verbal messages."

But such tactics to reassure could backfire. RLM's Laermer said he was "annoyed" upon visiting Starbucks coffee shops with ceilings "constructed to create a sense of din — even with a relatively few people there — to give patrons a sense of being in a coffee house....I want a sense of reality, a sense that what's being said is something they believe in."

latimes.com

FRAGRANCE

Men's cologne lines get manlier

More guys are buying fragrance for themselves, so marketing by such perfume makers as Dolce & Gabbana, Gucci and Diesel has pumped up the testosterone.

By Adam Tschorn

November 29, 2009

Men, if you've been looking for a manly fistful of fragrance, a scent that, say, invokes the adrenaline rush of NASCAR rather than a shirtless jog on the beach, take a deep breath -- the industry is paying attention to the growing percentage of guys who are taking care of their own grooming and buying their own scents.

That's why, alongside faces like Matthew McConaughey and James Franco (shilling for Dolce & Gabbana's the One and Gucci by Gucci, respectively), you're likely to see rapper 50 Cent pitching Power, and Common promoting Diesel's Only the Brave. Words such as "power" and "brave" are a key part of the pitch from perfume makers battling for a piece of a men's fragrance market that reported sales of \$1.1 billion in 2008.



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"In 2007, we saw the percentage of men buying fragrances for themselves edging closer to the percentage of women buying fragrances for them," said Karen Grant, vice president and global industry analyst at NPD Group. This year, Grant said, research by the Port Washington, N.Y.,-based market research firm shows that 41% of men say they are opening their own wallets for scents, compared with 40% who say their partners pick the potions.

Pretty-boy pitchmen have hardly been put out to pasture; this year's all-star lineup includes actors Patrick Dempsey (with his second scent) and Antonio Banderas (with his sixth) but there's a distinct top note of testosterone with recently tapped athletes such as Derek Jeter and Tom Brady fronting Driven and Stetson fragrances, respectively.

In the last 12 months, country singer Tim McGraw has had a hit -- without singing a single note. His McGraw by Tim McGraw has racked up nearly \$6 million in sales, making it the sixth-best-selling men's scent in the mass market (drugstores, grocery stores) category, according to Chicago-based market research firm Information Resources Inc. Not bad for a scent that has been around only since August 2008.

There have been some noncelebrity "masculine" fragrance launches this year as well. For men hoping to capture the essence of a day at the racetrack (hold your burning rubber jokes, please), NASCAR gave the checkered flag to its first licensed scent -- cologne Daytona 500 Fragrance for Men. The cocktail of bergamot, nutmeg and sandalwood comes packaged in a glass cylinder with chrome rims and a red metal and rubber tire top.

Another recent rollout is a cadre of colognes officially licensed by the U.S. Armed Forces. The American Line pays homage to the Army, Navy, Air Force, Marines and Coast Guard, giving each group a signature scent. For example, the Army-inspired fragrance (dubbed Patton) is described as "defin[ing] masculinity with a sensual, woody fragrance. A confident blend of sage, bergamot and cedar elicit feelings of majestic woodlands and endless horizons."

And alongside the more genteel-looking stopper-topped flacons that traditionally package perfumes are new glass bottles shaped like clenched fists (Diesel's Only the Brave) and containers reminiscent of car parts (Power by 50 Cent). The recently launched Play by Givenchy may be fronted by Justin Timberlake, but it's sold in a bottle designed to resemble the most coveted of techno-gadgets: a portable MP3 player.

Robert Passikoff, president of marketing and branding firm Brand Keys Inc., said a brand such as Givenchy is creating an additional emotional connection beyond the celebrity affiliation.

"Face it, with celebrities, it's the emotional side of the equation that's getting puffed up. It has nothing to do with the way it smells. So what you're seeing with the cars and the music connections is different ways of trying to make those additional emotional connections."

NPD's Grant sees the same strategy at work. "With more men buying their own fragrances, [perfume makers are] trying to figure out how to appeal directly to that guy. I think it's a smart tactic. Just look at how successful Axe body spray has been by being playful about the sex appeal of the product." She noted that when men were surveyed about what factors influence their fragrance purchases, casual users cited masculinity as one of the top three factors.

But it wasn't the most important reason. Grant explained: "The top reason men buy a particular scent remains, as it has been for a long time, that it appeals to and resonates with their partner -- in terms of imagery and scent."

Can the manufacturers of these new "masculine" scents expect them to resonate this holiday season?

"It's too early to tell how successful they'll be with this strategy," Grant said Monday, "since 50% of the fragrance sales for the year haven't even happened yet."

Gentlemen, start your engines.

adam.tschorn@latimes.com

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What's Next From Apple? Bloggers Hunt For Clues

by KATIA DUNN

December 7, 2009

text size **A A A**



[Enlarge](#)

Jeff Chiu/AP

Apple CEO Steve Jobs speaks at an Apple event in San Francisco in September. Because Apple is known as fairly secret, bloggers follow the company's every move — and try to unearth product news before the company releases it.

John Gruber says that when he meets new people at holiday parties and family gatherings, he struggles with what seems like a simple question: "What do you do?"

"The short answer is that I'm a writer," he says. "And then if they say, 'What do you write?' it gets a little complicated."

Gruber is not a conventional journalist. He works from his home in Philadelphia writing a technology blog called [Daring Fireball](#). It's almost exclusively about Apple — and often about soon-to-be-released products.

One reason his job is complicated is that he often writes about products that may or may not exist. Consider the Apple tablet. Rumors are circulating that when this device is released it will revolutionize the way we read newspapers. But so little is known about it, even its name remains a mystery. Some reports say it will be called the Newton instead of the Tablet, and it will be something like a 10-inch iPhone. Or it could be 6 inches.

In one posting, Gruber described what the tablet might look like. And yet, he says, Apple has never announced it.

"Apple has never said one single word about ever producing a new tablet computer," he says. "This is entirely speculation."

Apple is known for this cult of secrecy, and a whole industry of bloggers like Gruber has sprouted up around it. He describes himself as the Roger Ebert of the industry — mostly a critic of Apple products.

Read The All Tech Considered Blog

- [Apple's Web Worms](#)
- [The Internet Says Apple Has A Tablet Up Its Sleeve; Is It True This Time?](#)

But some of his peers pride themselves on their investigative reporting. Neil Hughes works for [AppleInsider](#) with a team of eight other reporters in Punta Gorda, Fla. They compete with sites like [MacRumors](#), [Boy Genius Report](#) and [MacDailyNews](#) to break stories about Apple products.

"This summer, for some reason, people kept thinking that [the tablet] was coming out this fall, and our sources told us, 'No way, no how. It's not coming out until the first quarter of 2010,'" AppleInsider's Hughes says.

Hughes talks regularly to sources inside the industry. And every week he combs through Apple's latest patent filings, the lawsuits filed against the company, and the job openings it has posted, looking for any hints about product developments.

Many of these bloggers sustain themselves through advertising. They say they've seen steady growth in the appetite for Apple news. As one writer put it, "People just eat this stuff up."

No doubt Apple has been irritated in the past when details have leaked about upcoming products. But marketing experts say the public relations these bloggers give Apple is ultimately great for the company.

"Blogs are only probably four years old in the scheme of the world, but leaking news to the press about something that's upcoming has always been a relatively useful tactic for generating consumer interest," says Robert Passikoff, a brand strategist at the company Brand Keys.

There is no evidence that Apple purposefully leaks news to the press. But Passikoff says he thinks

Apple cultivates speculation about its products. Plus, he says, people have personal relationships with their iPhones and iPod Touches. They feel these devices understand them.

"On an unarticulated, but very emotional basis, [consumers think], 'How did they anticipate what I wanted?' " he explains. Passikoff says people can't wait to find out what else Apple is going to tell them they want.

When asked if he ever feels like a pawn in Apple's free PR scheme, Gruber, who writes Daring Fireball, says it's more complicated than that.

"While it does work out well for them, I don't really think it's quite cultivated," he says.

Gruber says bloggers like himself are just a byproduct of Apple's groundbreaking design. He thinks it makes sense that journalists would cover significant developments in technology. Plus, he says, he has a job he loves: Making good money writing about a fascinating subject.

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Recent First



Allison Sidders (AliLou) wrote:

apple always has an eye to the future, and that's why I'm a die hard customer. it also helps that their products are built to last, not to be the cheapest piece of crap out there.

to me, innovation is all about taking something that is already out there and making it better. windows copies what apple does, but it's never as good... so windows is a the ultimate in stagnation, while apple plows headlong into the future. part of doing this is listening to what customers want and their ideas of what the next coolest product can be. windows JUST figured out that they need to listen to customers... and they are acting like it's so awesome...hello, guys, you're a little late boarding that train!

December 8, 2009 9:40:20 AM EST

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zhuo suqin (etradingcom) wrote:

Dear Ladies and Gentlemen, Christmas sales, there are exquisite gift, here

are the most fashionable and most noble gift, please come to order.For

details, please consult: <http://www.sbbshoe.com>

And old customers can also enjoy the gifts sent by my company in a can

also request to our company. Gifts lot,Buy more get the more.

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Nike shox(R4,NZ,OZ,TL1,TL2,TL3) \$35

Handbags(Coach lv fendi d&g) \$35

Tshirts (Polo ,ed hardy,lacoste) \$16

<http://www.sbbshoe.com>

December 8, 2009 9:27:42 AM EST

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L R (human) wrote:

As one who worked for Apple on their design team (which is actually a huge group which consists of many smaller groups connected to specific products), I found this story amusing (as I do most of the "tech" stories on NPR). Here are some answers to questions discussed here (from my experience working at Apple INSIDE of Apple):

1. Apple does NOT spend time/\$/energy on strategically leaking info or cultivating such tactics. Anybody who tries to convince you otherwise is full of s.
2. Those that cannot "make" and/or "create" stuff such as Apple's long history of creating game-changing products and solutions resort to writing "about" them and giving themselves titles and "positions" such as "Head Blogger", etc.

December 7, 2009 8:33:55 PM EST

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Chipley Chippewa (Chipleh) wrote:

'What's Next From Apple?' - We had the first snowstorm in Baltimore on Saturday, I went out to get the x-mas tree with my wife and son during the height of the storm. My wife was freezing during the tree search. We found our tree, I got home and logged onto Facebook and one of my pals posted that he wished the iPhone had a hand-warming app. Oh, how my wife would have loved that app on Saturday.

'Cold hands? There's an app for that.'

December 7, 2009 3:49:31 PM EST

[Recommend \(3\)](#) ↑

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December 22, 2009

Luxury Stores' Personal Touch Is Extended to Holiday Shopper

By [ERIC WILSON](#)

If the doorman at Bergdorf Goodman seems a little more cheerful than usual this holiday season, or a salesman at Prada or Hermès offers to find a pair of shoes in your size without rolling an eye, do not act so surprised. Retailers are being extra nice, and not just to the regulars.

“They’re offering a glass of Champagne as you enter David Yurman,” said Kate Kreindler, a suburban student, referring to the high-priced jewelry store on Madison Avenue. She noticed she was receiving more-attentive service while shopping on that luxury strip on Monday.

A few steps away at Dennis Basso, a fur store, Mr. Basso himself was greeting customers. “It can’t hurt,” he said. “Stores that don’t normally have great customer service are trying harder. They’re reaching out and giving that special treatment to the ...” and here, he paused for emphasis, “... Christmas shopper.”

It may be a curious silver lining of the recession, but even a casual browser can expect to be treated like a V.I.P. in high-end stores on Madison and Fifth Avenues once famed for snooty attitudes and imposing facades. Almost every person who has stepped through the gilded revolving doors of Bergdorf recently, whether a tourist or, on Dec. 17, the actress Susan Lucci in a salmon-pink mink, has been given a hero’s welcome, with an honor guard of dotting sales associates.

And, yes, those doormen really are cheerier. Jim Gold, the chief executive of the store, said he replaced the security company that hires them “when we found the ones we were using weren’t as friendly as we wanted them to be.”

The store now devotes its staff meetings every Saturday morning, before it opens, to the subject of customer service. Although Bergdorf was already known for attentive details like sending thank-you notes to customers, several shoppers reported receiving them recently for buying as little as an \$18 bottle of nail polish or a lipstick.

With signs that this holiday shopping season will not be much better than the last, retailers of all stripes are looking for new ways to make shopping more pleasant. There are improvements not only at fancy stores, but also at mall chains like J. Crew, Gap and [Macy’s](#).

Many retailers have been soliciting feedback in person and online as they try to improve the overall shopping experience, after the deep discounts of 2008 left them walking a tightrope with consumers. While desperate to win back customers, the stores are also trying to persuade them

not to expect such big sales this year.

“Every customer is valuable,” said Ron Frasc, a vice chairman in charge of merchandising at Saks Fifth Avenue, “and they’re even more valuable today because there are fewer of them.”

But stores have a long way to go. Recent surveys from several research firms show consumers continue to rate fashion retailers poorly on customer service.

“Retailers are notoriously bad at understanding what the consumer wants,” said Robert K. Passikoff, the president of Brand Keys, a market research company based in New York. “They’ve learned they have to execute better inventory control, but it’s still a ‘We’ll put it out and they’ll buy it’ mentality.”

A report entitled the Retail Service Quality Index, released Dec. 1, rated the service in luxury stores like [Nordstrom](#), Bergdorf and Saks as no better than what was found in home improvement stores like Lowe’s and Ace Hardware. Rick Miller, a consulting analyst with the Salt & Pepper Group in Boston, who studied service at 50 chains over four months this year to produce that index, said it was clear that luxury stores were trying harder, but that too often sales associates did not recognize customers who needed help, or the associates could not provide useful information.

“Retailers are very good at the sales transaction,” Mr. Miller said, “but they are not very good at building sales relationships. If I am not going to get service that is any different walking into [Wal-Mart](#) as walking into Nordstrom, why would I go to Nordstrom?”

Still, stores are trying. At Macy’s, where the sales floor at this time of year looks something like a commodities exchange, executives recognized that people seeking to return an unwanted gift — an ugly wallet, a goofy sweater — do not want to offend the gift giver by asking for the receipt, and are frustrated that without one, many stores refund only the lowest price of the sale season. So Macy’s associates recently began affixing a small return sticker to each purchase, with a bar code that tells the amount that was paid.

Lord & Taylor has been coaching sales people to be less intimidating. When approaching a customer, they are not to ask, “May I help you?” Instead, they might remark on what the customer is looking at, saying something like: “That’s a great sweater. By the way, we have it in three additional colors.” Brendan L. Hoffman, the chief executive of Lord & Taylor, said that the company also tried to offset the impact of fewer full-time sales people by hiring more seasonal help this month and training those employees more rigorously.

“As the business gets more challenging, customer service is one of the first places we’re going to look to improve,” Mr. Hoffman said. “It’s kind of like mom and apple pie.”

Retailers have also augmented their customer loyalty programs, in which they offer points for purchases that later can translate into gift cards or extra discounts. Bergdorf sent out \$100 gift

cards, no strings attached, to some of its best customers this fall. But less-frequent shoppers, too, are finding that the symbolic velvet ropes of Madison Avenue have fallen, even at Hermès, one of the most prestigious brands in luxury fashion and, as such, one that previously could afford to tell customers they had to join a waiting list if they wanted to buy a certain purse.

“That’s the kind of store where they really don’t care if they don’t have what you are looking for,” said Jody Black, a Manhattan mother of three. “You walk in there and you don’t even know it’s a recession.”

So, when she was looking for a handbag at the Hermès store on Madison Avenue in November, Ms. Black was pleasantly surprised when a saleswoman tracked down the exact bag at another store in Texas and had it shipped to New York. When it arrived, Ms. Black realized it was a little too big for her taste, so the saleswoman found her another one in California. It was just right. And when Ms. Black happened to go back to the store last week, she said, there was yet another surprise.

“The same saleswoman came right over and asked, ‘How are you enjoying the bag?’ ” she said. “I was totally impressed.”

Cathy Horyn contributed reporting

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