

DISPATCHESTM

Insights On Brand Development From The Marketing Front

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POSITIONING AT RETAIL—SOME LESSONS

Word came out this week that Victoria's Secret is planning a major re-positioning of the brand. It seems that their CEO, among others, believes that the brand has become "too sexy" and needs to move to a more "ultra-feminine" positioning. The Company did not elaborate on the meaning of moving "ultra-feminine," but did note that both the focus on sexy undergarments and in-store décor featuring reds, pinks and enamel paint would shift some. While a shift like this might at first sound rather risky, we were reminded of some other retail brands that dramatically changed their positionings—and succeeded.

Of course, one of the most famous and often-cited of these is Nordstrom. The brand was founded in Seattle as a retail shoe provider and quickly developed a reputation far and wide for having the largest selection of shoe styles and sizes. It also prided itself on impeccable customer service—from personal attention and hospitality to doing "whatever it takes" to find the very shoe a customer desired. Today we know Nordstrom as much more than a provider of fine shoes and, with its sustained reputation for the very best in customer service, it holds a highly competitive brand positioning as one of America's leading clothing and accessory providers. (And, among competing brands like Neiman-Marcus and Bloomingdales, it still maintains the best overall shoe inventory and service.)

Then there was Banana Republic. You may be too young to remember the positioning that this brand entered the market with in the 1970's. But you only need conjure up the historic meaning of the term "banana republic" to understand what that original positioning was all about. In the best sense of the term, it typically refers to an equatorial country dependent mainly upon agriculture and tourism for its livelihood—a place where, well, you would expect to find lots of jungles, high humidity, boa constrictors, and adventure! In keeping with this meaning, the original Banana Republic stores created a jungle-like atmosphere, complete with lazy, paddle-driven ceiling fans, potted palm trees, and Amazon River canoes. Needless to say, the apparel matched the atmosphere: earth-tone jungle safari outfits, cargo pants with zillions of pockets, and even some plantation-style headgear. Everything worked together to communicate a truly unique brand positioning among casual clothing retailers. But it sure doesn't sound anything like the brand positioning space the brand occupies today—with its clean, urban décor, \$200 pleated slacks, and Italian design sweaters and jackets—does it? If Nordstrom evolved its brand positioning by building upon its initial equities (shoes & service), Banana Republic kept only its brand name and built a totally new brand positioning from scratch.

But the retail brand that is generally acknowledged to have made the most unexpected (can we say, at the time, shocking?) "positioning do-over" has to be Abercrombie & Fitch. At least Banana Republic retained as its mainstay the merchandising of casual clothes. A&F, however,

leaped from its original 5th Avenue merchandising of high-end hunting and gentlemen's outdoor sports gear and clothing to that of "preppy-irreverent" jeans, muscle polo's and T's, and excessively baggy cargo shorts and pants. As you undoubtedly know, though, the change in merchandise was not nearly as dramatic as the change in the brand's "packaging"—its retail design and décor. The oversized, black & white photos throughout the Abercrombie & Fitch store feature stunningly sexy and well-built, college-aged teens in provocative poses together...and all, to the extent you can call them "dressed," are sporting the latest A&F styles. So much for Abercrombie & Fitch's long retail history with a target of upscale, older men seeking to chase the hounds with leather caps and riding boots!

Who would ever have placed a bet on such a remarkable change in a brand positioning? And yet, it seems to have worked quite well given the sustained popularity of the brand: almost anywhere you go now in Asia you see A&F T-shirts on teens and young adults (okay, they're probably copies, but the *brand* is clearly in demand). Why did it work? There are surely a number of good reasons, but among them must be that the brand identified and completely occupied positioning space that was not Polo, not Hilfiger, and definitely not Banana Republic. And the brand innovated in that space with both product, packaging, and collateral materials (you **do** recall the annual "must be 18 to buy" A&F catalogue, right?).

So we have here three "name brand" retail brands that have each made a change in brand positioning—Nordstrom's change being evolutionary and Banana Republic's and A&F's being truly revolutionary. What lessons can brand-builders outside of retail—especially those in Fast Moving Consumer Goods--take from these moves? Here are some that occur to us.

BOATS & HELICOPTERS:

From Nordstrom:

1. When intentionally evolving a brand positioning *with meaningful differentiation* (such as in shoe inventory span and customer service) be sure to hang onto that differentiation as you go! It sounds so basic to say this, but there exists in the world of brand-building something known as "creeping decrementalism," which refers to a series of small, at times almost imperceptible moves by a brand that, combined, actually diminish a major advantage (for example, a sequence of small formulation changes to qualify additional suppliers or cut costs but that, taken together, neutralize a previous taste advantage).

From Banana Republic and Abercrombie & Fitch:

2. When creating a totally new brand positioning—especially for an existing brand—make the hard call on who the new target will be and dedicate all resources to attracting that target. Don't kid yourself into thinking you can simultaneously retain some of the previous target. But there's also a subtle lesson from these two retail brands about targeting in general: decide who the brand's target IS and IS NOT...and leave the "is not's" alone.
3. When creating a new brand positioning, go where the other guys aren't, ideally where the other guys cannot easily also go. Can you really imagine Ralph Lauren taking his Polo brand to an irreverent preppy, blatantly sexy positioning? Or allowing any of his polo shorts to have paint splashes and frayed collars on them? The Polo brand has invested

way too much in “classic American/Ivy League preppy” to go there easily...or comfortably.

4. While the product always drives the brand positioning, never overlook the power of packaging and merchandising to fully implement the positioning in the marketplace. If you were to take the Abercrombie & Fitch inventory away from the design and ambience of its stores (its unique packaging and merchandising), would the clothes communicate the same positioning? No way. How can we give our FMCG brands a similar positioning-enhancing effect at retail?

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Brand Positioning & Marketing Communications College session
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