

## Best Practices for Growth in a Recession

### Contact

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With consumer confidence on a knife edge and the squeeze on credit liquidity, the Retail sector is bracing itself for a turbulent period in 2009. Contact Arcus for:

1. A presentation on how US retailers are preparing for the slow down
2. Innovative ideas from European and US markets to engage customers
3. Strategies to strengthen customer loyalty in a slowing economy

### Learn about Consumption Smoothing and Goods Substitution

Consumption smoothing refers to an individual's preference to maintain a certain standard of living over time. All things constant this means an individual will use savings as a tool to compensate when incomes are low or save more when incomes are high thus "smoothing" their consumption patterns. This doesn't mean that spending doesn't increase or decrease as incomes levels change, but rather that the peaks and valley's will be less dramatic.

The Arcus study examines how customer attitudes affect specific retail categories. From home improvement to groceries and apparel to appliances, the Arcus Study helps marketers discover best practices to engage customers with specific tactics that are most likely to lead to specific shopping behaviours.

Concern about the economy is running high in the country today, but people are notorious for espousing pro-shopping attitudes and intentions that never translate into changes in shopping behaviour or purchasing patterns. The Arcus Retail Best Practices Study examines this disconnect and explores the impact of the current economic environment in the marketplace in context of retailers marketing challenges.

"IN MANY CASES, SAVINGS ARE EXHAUSTED AND CREDIT CARDS ARE MAXED OUT FORCING PEOPLE TO ACCEPT LOWER LEVELS OF CONSUMPTION AND A REDUCED STANDARD OF LIVING."

## BUSINESS APPLICATIONS

- ◆ **Discover** customer concerns that are most likely to result in long-term behavioural changes versus those that will fade quickly
- ◆ **Identify** customer attitudes that are most likely to lead to various shopping behaviours
- ◆ **Refine** your marketing strategy for pricing, product and promotional decisions based on the value that consumers place on price, product features and customer service.
- ◆ **Assess** trade-offs that consumers are willing and unwilling to make
- ◆ **Understand** barriers to loyalty related behaviours— what to address and solve when marketing products
- ◆ **Realize** how economic issues impact specific business categories
- ◆ **Segment** various types of consumers who have different concerns, levels of urgency and likelihoods to act
- ◆ **Recognize** the disconnect between people's intentions and behaviours with products, loyalty and purchase intentions.
- ◆ **Find out** about attitudes and perceptions towards specific industries and product categories.

## AREAS COVERED IN THE STUDY

### PRESENT STATE

- ◆ The Arcus Retail Best Practices Study assesses the extent to which consumers choose brands based on their perception of economic conditions and a company's corporate and brand image.

### FUTURE STATE

- ◆ Retailers like to think that consumers have an excellent grasp of issues related to the environment and hence focus on more sophisticated retail campaigns. But most people understand it as an abstract issue. Understanding the challenge in context of your retail brand's current state is critical.

### PLANNING

- ◆ Those passionate about the brands they buy tend to have higher incomes and are more likely to live in larger cities. Find out about best practices in retail marketing in Canada, the US and Europe. Learn about new strategies that could help you engage your customers and strengthen brand loyalty.

**Sample of insights:**

**GREEN MARKETING FOR FOOD AND BEVERAGE MARKETERS**

Arcus helps marketers with research and strategy planning services. Our focus is on identifying growth opportunities for our clients with an in-depth understanding of their customers, brands markets and competitors. A potential engagement with a client will include a customised analysis of the potential impact of a retail marketing strategy, revenue implications and relevant consumer insights. Please contact Arcus for a presentation to your management team.

**Traditional marketing model**

- ◆ The traditional marketing model is for marketers to change attitudes in order to change behaviour. But marketers might be able to change behaviour with the current trend without changing attitudes, as opposed to the tree-hugger route, where marketers communicate an environmental message.

**Green marketing is different**

- ◆ A big insight is that if marketers want consumers to act greener, it's better to talk to them about saving money and health concerns, not about saving the environment. It's not just about green products; it could be about green manufacturing. Attitudes to green marketing are complex and have many variables that influence consumers perceptions such as convenience, value, less packaging and health.
- ◆ There are three distinct groups of consumers for Green Marketing. The Green Involved; The Green Enthusiast and the Green Inclined. These groups have varying degrees of involvement and concern for the environment. Each group's attitude and behaviour has a dramatic impact on brand preference and purchase intentions.



**In-depth data**

- ◆ More affected are those products with high purchase frequencies and where green intersects with wellness. Even if the percentage of Canadians who are passionate about the environment is fairly low, the subset is a pretty desirable group of consumers. And that's got to be likely to grow. As for the 17 percent, they really, really care. They think that paying more is the right price. And 17 percent is a good strong part of the consumer market. Arcus believes the 17 percent will continue to grow and will draw people.
- ◆ Green priorities compete with other issues— healthcare, infrastructure and crime. The environment has just not crossed that threshold yet. The Arcus study also found that 24 percent have virtually no interest in the topic. For most companies, green products represent only a "niche" opportunity. Yet, they are investing heavily in "green" marketing campaigns- a puzzling development. 45% of Canadian consumers feel "highly concerned" about environmental issues, but only 26% feel highly knowledgeable about environmental issues. And only 24% feel they can make a difference when it comes to the environment.

