



Don't Be Short Sighted

Promotional strategies are the lifeblood of any retail business—quick serves are no exception. Promotions create news that attracts consumer attention, and that attention usually drives sales and traffic. But promotions also shape brand perceptions, and those perceptions are equally important.

Lately, it seems many chains are using promotional strategies that hurt their brands more than help. Giving away food, running price-dominated communications, matching competitors' offers—these approaches may prompt a spike in sales, but they do little to grow businesses in a sustainable way. The promotions are remarkable, but they're not resonant.

That's because they usually don't make a lasting impression, and if they do, customers are more likely to remember getting cheap food instead of good value. Consumer confusion also results, as chains inundate people with me-too promotional messages that are difficult to distinguish or remember. The brand and its attributes and benefits are often an afterthought.

Promotional strategies that build the business make the brand more meaningful, or relevant to the target customer; unique, or distinct from others in a way that target customers notice and care about; and transcendent, or valuable beyond any specific product or offering.

Making the Brand Meaningful Brand-building promotions aren't just newsworthy, they're relevant to target customers and they resonate with customers' new value sensibilities.

Given today's economy, some chains may assume consumers are only motivated by low prices and giveaways. But that's simply not the case. Certainly price will always be a strong motivator, but most consumers have found that going with the lowest-priced product may not be the smartest purchase decision.

Instead, consumers are looking for companies to deliver more value in terms of understanding their needs, satisfying more desires, lasting longer, and having more integrity.

McDonald's sponsorship of the Olympics gave the company a promotional platform that strengthened its brand position. The chain used the Olympics to generate buzz for its new line of fruit smoothies. Meanwhile, companies like Quiznos and Jack in the Box have had to rely on food giveaways to boost their new product launches.

Mary Dillon, McDonald's chief marketing officer, explained in an interview with National Public Radio's Howard Berkes that the promotion got people to associate "the great spirit of the Olympics with our brand. When you're a global brand like McDonald's, that's a good thing, to continue to build connections that are important to people."

Differentiation is the Objective The problem with most promotions is that they've either been done before or they are easily copied. Most quick serves find themselves in tit-for-tat promotional wars with competitors, and this increases the commoditization of their brands.

Robert Passikoff, founder and president of Brand Keys, a brand

and customer loyalty and engagement consultancy, says the problem of such an approach is separating value and branding. "You can't have the value conversation without the brand conversation, as true brands provide meaningful differentiation in a world overrun by commodities."

His firm, in its most recent annual Customer Loyalty Engagement Index study, which gauges which brands are best at creating loyal customers, found that attributes relating to brands and the degree to which brands affect customer decision-making, category expectations, and engagement have increased significantly. This certainly applies to promotional strategies.

Promotions should reinforce a differentiated brand identity or deliver the brand's distinctive type of value. Sonic's "Two of Everything" promotion, offering two burgers, two sides, and two drinks for \$7.99, was well suited for the brand identity as a place for families and groups of friends. By using a compelling offer to draw attention to a brand differentiator, the promotion reinforced one of the chain's competitive advantages.

Transcendent Promotions Promotional campaigns that focus on a single item or offer usually sell the brand short. That's because a solid brand position is derived from more than one single offering.

Promoting the low price or special offer on a single item may make that item more attractive, but it does little to improve the value perception of the brand overall. In fact, such a limited offering is likely to simply cannibalize sales of higher-margin products.

That's not to say that discounting multiple products is a sure-fire promotional win, either. Promotions with the most positive impact on the brand are those that transcend any given product or offer. They make a value statement that applies to the brand overall.

Subway's "\$5 Footlong" promotion cast a positive halo on the brand overall. By applying the compelling price to all of its regular subs and focusing all communications on it, the company made its brand synonymous with the \$5 offer. The simple, memorable pricing strategy strengthened value perceptions of Subway across the board.

Subway's promotion also meets the other criteria that distinguish brand-building promotions. In addition to transcending a single offering, the "\$5 Footlong" promo made the brand more meaningful and differentiated. Rather than trying to match competitors' bare-bones, 99-cent offers, the chain played at the other end of the value continuum, offering a large quantity of fresh food for a fair price.

The promotion fired on all cylinders, and resulted not only in a 17 percent U.S. sales increase last year, but also pushed the brand to the No. 2 slot in the Brand Keys Customer Loyalty Engagement Index, second only to McDonald's.

Subway presents another enlightened company discovering that the way to both drive sales in the short term and build brand in the long term is with promotional strategies that create news and strengthen the brand at the same time.