

HOW THE MIGHTY, AND YOU BRAND, CAN FAIL



Last week I mused about the closings of Treasure Island Foods and Dominick's in the Chicago area. But a mighty giant of yore is seeking bankruptcy, Sears. This would have been unimaginable in its hey-day (it's been around for 132-years surviving WW I & II, and the Great Depression) as it would be for Amazon to file for bankruptcy today. In reality, Sears was the "Amazon" in era they commanded with a catalogue and major mall retail outlets instead of the internet.

You may be familiar with some of its brands such as Craftsman, Kenmore and Diehard battery that had been perennial leaders in their categories. What you may not be familiar with is that Sears transformed the way Americans shopped, drawing shoppers away from traditional Main Street shopping to malls. The Sears catalogue, lifetime guarantees and the Sears charge card along with other shopper friendly merchandising and incentives helped make it a giant in the retail field. Yet, Sears has failed, and its fall began long before the birth of internet shopping.

In the case of Sears, and many brands that fail, it starts with the *cutback in investment*. When a company or brand significantly cuts or stops investing, whether that be for innovation, marketing, whatever, it plants the seeds for its own, inexorable demise. It's not merely an absence in investment but investing in the right things, such as remodeling their stores, introducing new product lines, maintaining a presence through advertising, etc. This can be lack of investment in clinical studies for pharmaceutical brands, or product improvement for medical device brands or advertising for consumer brands. And, it can be for any reason, such as focusing on emerging versus existing products. Investment is the lifeblood to a business enterprise.

Yes, competition has certainly played a role in their demise. Big box retailers, such as Walmart, cut into Sears business by beating them on price, as well as merchandise selection. In the present day of e-commerce, they have lost to those who were quick to embrace this channel and employ it wisely. Amazon has been a giant slayer, and is now the giant towering over all others. As I stated in an earlier *Marketing Matters* musing, "Competition Will Make or Break Us". If we don't evolve with changing marketplace dynamics, new competitors and emerging customer needs we will fail, like Sears. We need to undertake *Kaizen* as a standard operating practice (SOP).

Once decline begins, due to the absence of innovation, *Kaizen*, investment and other factors coupled increasing competition, the brand (I believe regardless of the sector or category) falls into an *ever-tightening death spiral*. For example, in the case of Sears they fail to remodel

stores, attracting fewer shoppers who are lost to more appealing and exciting retail environments, which leads to a cut-back in advertising and a decline in top-of-mind awareness to the point where it may fall from potential customers' evoked-set, driving down store traffic and reducing revenues further, and with it a reduction in merchandise contributing to the store not having the variety or availability customers seek, and around and around it goes. Predictably, *the brand is no longer relevant* and dies, or should die.

There's a human side to all this too. Nobody I know appreciates working in an environment that's in decline. *Morale drops like a stone*. The best employees move-on to greener pastures and the marginal employees hang-on contributing to a depressing (retail) experience for the customer.

Perhaps, at this point Sears should just role-over and die. I, for one, would not be inclined to invest in the company. *Any investment is likely to be too little, too late*. Besides, what can they offer the customer that the prospective customer can't get already.

Watch out Macy's and J.C. Penney, your time may be coming, soon! A good holiday season is not a salvation if it cannot be sustained. So it is, too, for those brands that don't keep-up with the times in investment in innovation and marketing.