

Fundamental Needs: BRANDING THAT CONNECTS



Pundits are already doing a post mortem on JCPenney's (JCP's) recent, failed re-branding strategy and the resulting hit to revenue and stock price. Hindsight is always great, isn't it?

To give JCP their due, consider the following question. Which is harder: (1) executing a new strategy in a new organization, (2) refining an existing strategy, or (3) completely changing an

existing strategy? The answer shouldn't take long – I submit that the challenges of numbers 1 and 2 pale compared to what you would confront in number 3. And this is what JCP took on. Kudos to them for the courage of conviction to do so. This Thoughticle is not a critique of their branding effort, but, instead, an observation about their customer base that could have been validated in research.

Their challenges have implications for how we think about branding and meeting what we call Fundamental Needs.

When JCP initially announced its new strategy, where customers would get an everyday low price and hence no longer the heavily promoted sales, my first reaction was “hmm...”

Others have written about the complex environment and the multiple aspects that led to the ultimate reversal of the new brand strategy. To be sure, JCP embarked on a new advertising campaign, created stores within the store, promoted new, more stylish consumer brands, and much more.

But the immense challenge of changing the JCP brand did not cause my “hmm...”

reaction. Instead, I pondered: “JCP will need to re-educate an entire customer base on what to expect and wean them from a very entrenched affinity for sales.” I noted at the time that this was going to be hard. And I would submit the market response ultimately proved it was difficult, if not impossible.

Why? Customers get used to waiting for a sale when they are customers of a store



that consistently offers sales. How many times do you hear from customers, “I’ll wait till it goes on sale.” Or even a store clerk will hear, “When does it go on sale?” And if you are a customer and you absolutely need something today, you buy it anyway, but how do you feel?

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You feel like you had to compromise, settle for the regular price out of necessity. You feel unhappy and perhaps frustrated. Maybe even a bit depressed.

Because you knew that you paid more than you should have, if you only could have waited. Sigh.

So, how do you feel if you had, instead, waited and bought the item on sale? Satisfied? Maybe. But probably more

than that – you are glad you waited, you relish that you got a good deal: you feel smart!

And therein lies the rub. People don't want to feel stupid; they want to feel smart. JCP had enabled people to feel smart with their heavy sales promotions. When they re-branded, they took away that feeling. I would wager their customers defined feeling smart based on the sale price relative to the non-sale price. They had not been defining smart as shopping at a store that offers everyday low prices. It was a perceived savings game, not an absolute difference in the final price paid.

Feeling smart and the corresponding sense of self-worth is a fundamental human need. JCP didn't just change a business or brand strategy; it took away from loyal customers the fulfillment of a core psychological need. That is tricky terrain and likely only can be overcome by one of three counterbalancing strategies: (1) replacing the old fulfilled need with a fulfilled need that is even more compelling; (2) having a business model that locks customers in; or (3) being in a monopolistic industry (or

at least where customers don't have much competitive choice). JCP was not operating with captive customers in a monopoly or using a business model that locked customers in. And, given customers' defections, the new strategy didn't ultimately fulfill a new, compelling fundamental need.

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In simplest terms, JCP was not just executing a new brand strategy with a new value proposition, it was taking something away that customers were used to getting as part of their purchases. It took away a feeling of self-worth that was grounded in feeling smart about what they were buying.



I will bow to JCP on how they would describe their new strategy. But, from an outside perspective, I will take the liberty of calling it “a cool experience.” They used big bold colors for clothing showcased in their print ads, got Ellen DeGeneres to appear in their TV ads, built stores within the store, brought in new brands, and more. But were JCP’s customers ones that wanted to feel cool shopping there? If they wanted to feel cool, they likely were already going to competitor stores to meet this need. You can probably think of stores that would qualify. So, JCP’s challenge was further compounded by not only replacing a feeling of being smart with a feeling of being cool, but also the problem of needing to educate customers about how

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they can now be cool at JCP, rather than the stores where they were already fulfilling this need. This made the re-branding doubly hard.

Fundamental needs lie beneath almost all consumer behavior. Maslow’s “Hierarchy of Needs” long ago pointed to a similar notion. Maslow noted it is

hard to work toward higher-level “ego” needs (like self actualization) if basic needs like hunger and shelter have not been satisfied.

Most emotional needs could be classified as fundamental needs. Safety (in Maslow’s hierarchy) is simply fulfillment of a need to reduce fear and threat of harm. Fear aversion and fear response are wired into the “fight or flight” sections of our brain. Other emotional responses arguably are more complex, but nonetheless, still

fundamental needs like the feeling of self-worth as in the case of JCP shoppers.

So, if you are re-branding, changing your customer

experience, or even revamping a product or service, be clear about what fundamental needs you have been addressing, their impact on customer behavior, and the corresponding impact of new needs that you might add. Also be clear about how the services and features that you offer tie to fundamental needs. This understanding could make all the difference in what you choose to do or not do, what you keep vs. what you add. Think about the JCP shoppers who lost their experience of feeling smart and instead had to switch to a whole new mindset of feeling cool. Think about what actions you are taking with your brand. Which

fundamental needs are you addressing? Which ones are you not addressing? Which

are you taking away?

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Hansa has developed a set of tools to identify and assess the impact of fundamental needs in the customer experience with a brand, product/service, or specific set of touch points. These

include our proprietary ExperienceBoards™ techniques, emotions mapping, and customer journey work. If you would like to explore how uncovering and addressing fundamental needs can benefit your branding and customer experience improvements, please contact us. ■