

Recession-proof Marketing

By Kenji Mizuguchi

With sales of ¥569 billion and operating profits of ¥57.3 billion, Marui has the highest gross margin of any Japanese retailer. Year after year in the nearly 30 years since its listing on the stock exchange in 1963, Marui has consistently posted higher sales and higher profits. Yet this year, Marui sales and profits are both down.

In his message accompanying Marui's midterm report, Tadao Aoi, president of Marui Co., said, "This is the worst recession Japan has experienced since the end of the war. This is the first time Marui has been hurt. We are working to appeal to the young casual market, but the market seems to be dead in the water. There are no fashion trends or hit products that we can hitch our star to. This is the first time this has happened. We still have the same number of people coming into our stores, but they are not spending as much money as they used to. Consumers are much more price-conscious today. We have to stock better products at lower prices. We have to treat our customers better."

Bucking the trends

Not long ago, I attended a meeting that one of Japan's major consumer electronics companies held for its branch managers. Several of the managers there told me that they feel much better about going to meetings this year. "Last year," they said, "there were a lot of branches that had met their sales quotas, and that put a lot of pressure on the ones that were not meeting expectations. This year everybody is performing below expectations, so there isn't nearly as much pressure."

Everywhere I go, the evidence of recession is there. Sales are down across the board: housing, automobiles, apparel, and even foodstuffs. It is, as Aoi said, an era with neither fashion trends nor hit products.

Even so, there are some products that are selling very well despite the recession.

Some are even selling well because of the recession. It is worth looking at some of these recession hits.

A la Potato is a new product introduced by Calbee in the fall of 1991. Produced only from September through February, A la Potato uses potatoes freshly harvested in Hokkaido. Rather than being thin and flat, the chips are somewhat thicker than usual and are wavy. Everything possible is done, Calbee says, to keep the rich potato flavor.

Selling well in their first year, A la Potato chips are selling even better this year. In fact, they are now Calbee's second-best-selling product—a formidable accomplishment when you realize that Calbee has 70% of the Japanese potato chip market. In terms of purchase incidence per 1,000 people, A la Potato chips now rank fifth or sixth on the Nikkei survey of foodstuffs.

Beer Kojo (the brewery) is a new beer from Kirin Brewery that is doing well. Under the Beer Kojo system, consumers order beer from their local liquor store, these orders are collected every week and a half, and Kirin brews just what has been ordered—the beer being delivered to the liquor store and to the customer with minimal shelf time. With this system, Kirin promises to give people beer that is within-three-days fresh from the brewery.

Beer Kojo sales are pushing five million cases for the introductory half-year April-September 1992—far more than Kirin had expected. This is something that perhaps only Kirin could do (since perhaps only Kirin has the nationwide production and distribution network needed to make this work), but it has been a very successful innovation.

Maru-daizu (whole soybean) soy sauce from Kikkoman is another product that has gained more adherents with every passing day. Introduced in the spring of 1990, this product uses whole soybeans for a softer color and mellower taste. At first, it did not sell very well and the

company got a lot of returns from stores, but the people who did buy it were happy with it and kept coming back for more. Seeing the high repeat-purchase rate, Kikkoman decided the product had potential.

Perhaps the biggest impact came when Kikkoman switched its gift-product advertising to concentrate on Maru-daizu soy sauce. The product took off in September 1991 and expectations are that Kikkoman will sell ¥10 billion worth this year. In a way, this product has been helped by the recession, because consumers who have cut back on buying ready-to-cook foods are now buying the seasonings and other things they need to cook at home. The ill winds of recession are blowing warm for Kikkoman.

T'estimo (respect) was brought onto the market by Kanebo in February 1992 as a stay-on lipstick. In just the first three months, they sold 2.2 million sticks. Kanebo uses a special super-high-polymer alginic acid to give T'estimo its doesn't-rub-off quality. So how do women get it off? They use a special cleansing cream—also available from Kanebo. "No telltale marks when you eat. No telltale marks when you kiss." It is a simple appeal, and this simplicity carries over to the television advertising, which has no accompanying music or jingle. It is a very no-frills, utilitarian product, and it is selling to women who do not like the fuss of ordinary lipstick.

Wacoal's **Good Up** bra is designed to bring the breasts in and up, thus creating noticeably more cleavage. It is both light and practical because it uses an amorphous fiber. Meeting the needs of women who want to look bustier and sexier, Wacoal has sold 600,000 in the three months since it was introduced in February 1992—a 70% increase in bra sales over the same three months of 1991 that makes Wacoal's sales figures look better too. Although much Japanese lingerie advertising has used foreign models, Wacoal advertising for this product

moved closer to its consumer audience by using a Canadian model who is part Chinese. This is seen as another reason for the very good sales.

Japan Travel Bureau (JTB) is Japan's largest travel agent. But this year's hit product is not a trip to some exotic resort. Instead, it is the **Nice Shop** gift certificate good at any leading department store. While the department stores issue their own gift certificates, such certificates are only good at the issuing store. JTB's is good anywhere.

Japanese department stores issued approximately ¥400 billion (\$3.3 billion at the rate of ¥120/\$) worth of gift certificates in 1991—a figure that has stayed flat because of the recession. Yet the JTB certificates are on the upswing. In 1991, JTB's 590 offices nationwide sold ¥12.4 billion worth of these Nice Shop certificates, up 18% over the previous year.

Lessons

These are just six of the many products that are defying the recession. There are more. Why are these products selling so well despite the recession? At the risk of over-simplification, there are four main reasons—four things that all of these products have in common.

1. Meeting forgotten needs.

Whether it is Beer Kojo's "fresh draft" flavor, T'estimo's stay-on quality, Wacoal's improved attractiveness, or JTB's universality, these are all products that meet very specific consumer needs. You might think nobody had noticed these needs before, but they are actually needs that people had noticed but given up on. Yet they stuck in these companies' minds and the companies satisfied them—reminding customers that this was what they wanted all along and making a sale at the same time.

2. More real value.

These products also share a quest for real value—a pursuit of the essential product. Calbee's A la Potato, Kikkoman's Maru-daizu soy sauce, and Kirin's Beer Kojo all emphasize quality. They are produced by companies that are not slaves to the product life cycle theory but are willing to extend the cycle by extending the



Photo: Kanebo, Ltd.



Photo: Wacoal Corp.



Photo: Kirin Brewery Co., Ltd.

Hit products in the recession. From left: Kanebo's "T'estimo" lipstick, Wacoal's "Good Up" bra and Kirin's "Beer Kojo."

product itself. As such, these products are seen as important steps forward on the long road toward purity and authenticity.

3. Creative efforts to explain the product.

T'estimo's television commercial dispenses with background music. Wacoal changed its advertising to enable consumers to identify more closely with the model. Kikkoman used the gift market for widespread sampling. And because these are all quality products, they got considerable word-of-mouth advertising from satisfied customers. This last was particularly important. The product was used to sell itself.

4. Strong customer interface.

It is in the stores that customers discover and select the products. All of the companies that had hit products are companies that do a good job of managing their customer-interface systems. Calbee is well-known for its freshness-control system. Kirin made its distribu-

tors the liaison for Beer Kojo sales. Kikkoman is in every supermarket and food store in Japan. Kanebo has over 20,000 affiliated outlets. Wacoal has sales counters in every department store in Japan. And JTB is the nation's largest travel agent.

The government keeps telling us that recovery is just around the corner, but very few business executives believe it. Instead of waiting for the recession to end, they are discovering and devising new marketing modalities that are recession-proof. These six companies have shown us that it can be done. They and companies like them will doubtless come out of the recession stronger than before. ■

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