

# Playing Checkers

Not since Richard Nixon imposed wage-price controls in 1971 have brand marketers faced a point as pivotal as the one they face today.

It was Nixon's failed attempt to control inflation by freezing wages and prices that led to the trade promotions

## Is it checkmate on brand loyalty?

that forever altered the relationship between retailers and brand marketers.

As soon as the controls were lifted, marketers wanted

to make sure they would never be hogtied like that again. So, they artificially inflated their prices and started dealing back the difference as discounts to retailers.

Thus began the power shift from brands to retailers, a shift that could now assume a whole new dimension in light of what could be the most severe economic crisis in our lifetimes.

It's no secret that the substandard "private labels" of yesterday are today often just as good or better than the national brands they copy. The recession is a killer incentive program for shoppers to give these store brands a try. Once they do, will they ever return to the national brands?

One can't help but wonder whether we might someday look back on the economic meltdown of 2008 as the moment when retailers finally sealed the deal with shoppers for their brand loyalties.

So far, some brand marketers are responding with downsized packages, cheaper ingredients and deeper discounts. However, as Nestlé and others have shown, even economically-stretched shoppers will pay a premium for brand experiences that meet their needs in fresh, innovative, and yes, *relevant* ways.

So, what will it be? Checkers? Or Chess?

Tim Manners, Editor-in-Chief



# 20

COVER STORY

## FAO is A-OK!

David Niggli of **FAO Schwarz** retails the greatest toy story ever told. An exclusive Q&A interview by **Tim Manners**.

# 14

ROUNDTABLE

## Back in Bed

What must agencies do to feel the love again? A discussion featuring **Mark Mears** of **The Cheesecake Factory**, **Jim Zambito** of **Johnson & Johnson**, **Bill Pearce** of **Del Monte** and **Chris Maher** of **Greenlight**.

# 26

WHITE PAPER

## Connect the Dots

How consumers behave online informs what brands should do at retail. By **Al Wittemen**.