

Preparing for Today's Environment in Consumer Products & Services

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The May 1st Wall Street Journal included the headline: "P&G, Colgate Hit by Consumer Thrift – Household Products Makers See Sales Weakening, Raise Prices to Keep Quarterly Profits from Plunging". Unquestionably, during this economic downturn, consumers are becoming intensely value oriented – "trading down" to private label products and shifting to more price focused retailers. It's not that consumers have stopped spending; they're just spending differently.


Pricing to protect the structural economies of a business is often the right thing to do, however, there are other steps consumer products and services companies are taking to not only survive the downturn but come out of it competitively stronger and with improved brand equities.

In the short run, companies that are focusing on market share and positioning emerge stronger from the downturn. It was relatively easy to do well when the market was growing rapidly, this new environment will determine which companies have the right strategies.

Obviously, financial survival must come first and foremost. However, enterprises that have more than merely "weathered" previous downturns, but actually prospered from these circumstances, point to the following action plan strategies:

- Strengthen the Balance Sheet – focus on sources of funding, working capital and cash management.
- Optimize Operating Performance – focus on maintaining/growing market share with reduced resources while carefully managing pricing and costs.
- Position for Future Leadership - Update the research. Get back in touch with consumer needs.
- Be clear about how you are meeting the changing needs of the consumer in light of changing economic needs.
- Seek innovations that help the customer to better "accomplish something" with your product/service offering. Look for ways to create the customer experience that "excites"!
- Motivate Stakeholder Confidence – focus on leading and motivating people in a downturn; managing shareholder interactions and expectations and collaborating with suppliers and other business partners.

Although there have been some very recent promising signs from the stock market, new housing purchases and the consumer confidence index, the longer term economic outlook is unpredictable. Regardless of what happens, the professionals at Stanton Chase International are here to provide access to an unprecedented pool of executive talent from the consumer products and services industries. These are individuals with years of celebrated experience in carrying out those strategies that will help lead to predictable success, not only throughout the troubling months ahead, but for the many successful growth years that will follow.



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