

# next tuesday afternoon

October 14, 2008

While many companies are suffering at the hands of one of the worst economic downfalls in the history of the country, others are quietly prospering.

According to M. .Babej, partner at Reason in New York, "If you're a brand you eat, drink, smoke or wash yourself with, you're going to be OK." Similarly, production of snack foods, tortillas and confectionary products are expected to grow next year. Another likely beneficiary of the down economy will be private label brands. Some retailers, like Walgreens, are already seeing the bump when they announced its private label sales were up 15%.

Wal-Mart, losing brand power only a year ago, today is poised to reap the rewards of consumers who are looking to stretch their cash. In September, as same-store sales for Kohl's and Nordstrom fell 5.5% and 9.6%, respectively, Wal-Mart's rose 2.4%. Author and branding expert Rob Frankel thinks the retailer's gains will closely mirror the economy: "Wal-Mart is the brand that reminds people they are poor. Nobody shops at Wal-Mart because they want to; they shop there because they have to. The minute the economy recovers, Wal-Mart's sales will drop like a brick."

While they may be looking for inexpensive groceries and second-hand items, consumers are willing to spend on some forms of escapism. The weekend after a \$700 billion bailout was passed by Congress, people flocked to the movies, sending the weekend gross for the top dozen flicks to \$95.4 million, up 41.5% from the same period a year ago, per Media by Numbers, Encino, Calif.

"The conventional wisdom is that an economic downturn helps the movie business," said Paul Dergarabedian, president of Media By Numbers in LA. "They find escapism for a relatively small amount of money."

Then there's beer. It seems only logical that watching the Dow plummet into the abyss would drive some to drink. The U.S. beer industry is expected to post its second consecutive year of case sales gains, per the Beverage Information Group's 2008 Beer Handbook. Wine and spirits are also expected to continue to grow though consumers may be less likely to trade up as had been the trend.

"During tough times we typically point to certain categories/sectors," said William Madway, marketing professor at the Villanova School of Business. "Repair services, remodeling services, do-it-yourself products, services and retailers all have the potential to be successful if they adapt to the economic realities." Amen.

I'm Lisa Davis. Let me know if I can help you in any way, please feel free to visit at [OneAlliance.com](http://OneAlliance.com) and I'll be back next Tuesday afternoon.

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