

A New Twist on Tradition: A Case Study of Culture Based Branding Strategies

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ABSTRACT

In 2020, Cracker Barrel Restaurants and General Stores faced a significant challenge. After years of declining sales, the company's management team decided to add alcohol to the menu for the first time. The implementation of this decision created a unique set of challenges for Cracker Barrel's marketing team. For years, the brand had used elements of culture in their branding strategies. The choice to add alcoholic beverages to the menu could be seen by some as going against their brand associations.

This case examines the strategic and tactical issues the company faced when alcohol was added to the menu. Learners are asked to assume the role of the marketing team and examine the factors that made the choice to add alcohol to the menu controversial. Further, the case frames a decision process for developing advertising copy for a move that could cause negative customer reactions.

Keywords: Marketing Strategy, Advertising, Content Creation, Culture Based Branding Strategies, Brand Association, Influencer Marketing, Cultural Identity

INTRODUCTION

In the spring of 2020, the Cracker Barrel Restaurants and General Stores marketing team had quite the problem. Over the preceding five years, restaurant and store sales had slowed and even declined in some years (Cracker Barrel Corporation, 2019). Adding to the company's financial woes, Cracker Barrel was suffering from lost business because restaurants were closed to in-person dining during the Coronavirus pandemic. But the Cracker Barrel's problems were not limited to finances alone.

Underlying the company's poor financial performance was a marketing problem. For years, the brand's reputation was built on serving homestyle southern cooking and having a unique general store that sold novelties that resonated with the company's loyal customer base. For years, this was a winning strategy, and it fueled the company's growth from a small gas station restaurant to a large national chain with hundreds of locations. However, as society changed, Cracker Barrel did not. As a result, the brand did not resonate with consumers as it had in the past.

As American consumers began to focus more on their health in the early 2000s, the restaurant's offerings of all-you-can-eat pancakes and homestyle fried chicken were losing their appeal with many consumers. In response to the demand for healthier dining options, the company's management had responded by introducing a line of healthier, lower-calorie menu options (Marsteller, 2013). But the impact on sales was not enough to reverse the trend of sagging profits (Cracker Barrel Corporation, 2019). Management realized they must act to reverse the trend of declining sales to ensure the company's long-term viability.

After carefully considering the available options to make the company more relevant to consumers, in 2019, executives at Cracker Barrel decided to test adding alcohol to the menu. Members of the marketing team understood the executives' rationale for the addition. The restaurant industry has high-profit margins on alcohol sales; the average profit margin on alcohol sales is around 80% (Thacker, 2019). The company's management team was confident that adding a high profit product to the menu would help lift net income. Furthermore, by adding alcohol to the menu, the management team hoped to become more attractive to younger consumers who they felt would view the addition of alcohol to the menu favorably (Griffith, 2023). Selling alcohol was a new direction for the company, and the marketers had serious reservations about the potential unintended consequences of the decision.

The Company's Southern Roots

Cracker Barrel Restaurants and General Stores was founded in 1969 in Lebanon, Tennessee, by an executive with the Shell Oil Company to increase the attractiveness of gas stations (Cracker Barrel Corporation, 2023). The combination restaurant, gas station, and general store concept was designed to emulate the many traditional country stores that dotted small towns in the southern US before the construction of the Interstate Highway System (Broome & Boone, 2022).

The brand's décor focused heavily on rustic themes. The buildings had roughhewn wooden floors, the building exteriors were dark wood siding, and a large front porch with rocking chairs to greet customers. Customers would find old newspaper clippings, hand tools, and advertising memorabilia from the early twentieth century on the walls (Broome & Boone,

2022). The founder wanted customers to feel like they were traveling back to a different age when they walked into a Cracker Barrel location.

The founder's intention to transport customers to simpler times was a raging hit with customers. Eventually, the company got rid of its gas pumps. But a stop at Cracker Barrel for good homestyle cooking and a friendly game of checkers had become a road trip tradition for many families, and the brand had many devoted fans and who felt a deep connection to its values and the nostalgic feeling the brand evoked (Marsh, 2023).

Temperance in Business

While it might seem odd for a large national chain restaurant to forbid the sale of alcohol in contemporary American society, Cracker Barrel's policy prohibiting the sale of alcohol was not out of line with restaurant industry norms in the 1970s and 1980s. As late as the 1990s, the US was still dealing with the aftereffects of Prohibition, the series of laws passed in the 1920s that made the sale and use of alcohol illegal in the United States (Shilling, 2016). After the repeal of federal-level alcohol prohibition in 1932, states were given the authority to set alcohol policies at the local level. In the 70s and 80s, many areas only allowed on-premises alcohol consumption at bars and taverns (Beyer, 2016). Not until drinking laws were relaxed did restaurants begin to add bar service to their product offerings.

In the South, where most Cracker Barrels were located, many communities were slow to allow the local sale of alcohol after the end of federal prohibition (Shilling, 2016). In fact, at the end of 2019, more than 2,000 communities in the US, most of which were in the South, still restricted the sale of alcohol (Zeitlin, 2019). Underscoring the polarizing effect alcohol sales was recent political fighting over the issue. For instance, in January of 2019, a meeting of the South Carolina State House of Representatives concerning Sunday alcohol sales devolved in to heated fights between legislators (Wilks, 2019). The discord between the pro-alcohol and anti-alcohol factions was so extreme, the legislature was forced to close so that order could be restored (Wilks, 2019). Given the company's heavy exposure to communities in the South that had only recently approved the sale of alcohol, the marketing team expected some customers to be upset with the decision to offer alcohol on the menu.

Further complicating matters for the marketing team was the restaurant's historical focus on evangelical Christian values in their marketing messaging and the product assortments in the company's general stores (Wolfe, 2021). Cracker Barrel General Stores sold Bibles and prayer devotionals that expressly targeted members of evangelical Christian denominations. Many doctrines encourage their members to abstain from drinking alcohol (Schwadel, 2019). The marketing team was concerned that by offering alcohol in the restaurant, their loyal base of evangelical Christian customers who were attracted to the brand for its implicit endorsement of their religious values would find the move to be hypocritical.

The marketing team identified another concerning artifact from the company's past marketing efforts. Cracker Barrel's growth strategy is highly dependent on locating restaurants along major travel routes (Cracker Barrel Corporation, 2019). Most of the company's marketing efforts use billboards targeting road-weary travelers, inviting them to stop in and enjoy homestyle cooking, and interesting shopping. Indeed, Cracker Barrel's team so heavily promoted their restaurants to travelers using roadside billboards that the company was awarded a Lifetime Achievement Award by the Outdoor Advertising Association of America in 2011 (Business Wire, 2011). As most of the marketing budget was spent on billboard ads (Cracker Barrel

Corporation, 2019), there were company concerns that some customers would interpret billboard advertisements promoting bottomless mimosas at roadside restaurants as encouraging irresponsible drinking when those customers resumed their road trip.

After a successful test of adding alcohol to the menu at selected locations in Florida, the decision was made. Beer and wine will be added to the Cracker Barrel menu nationwide. The marketing team had to get to work and inform people about the new offerings. They just hoped they could find a way to do it that would not alienate their current customers.



THE LEARNING ACTIVITY

Activity Preparation

The instructor should set up the case ensuring students have a clear understanding of brand personality, brand association, and the impact of both on a company's core customers. As a mature brand, Cracker Barrel has been associated with nostalgia and family values as part of its foundation. As such, all advertisements and marketing communications have supported this message. Students will play the part of members of the Cracker Barrel marketing team and will be asked questions related to advertising content creation, brand association, and the delicate balance involved in attracting new customers while retaining loyal ones.

Activity Learning Objectives

After completing this exercise, the learner will be able to:

- Evaluate business decisions and project their impact on marketing strategy.
- Evaluate the constraints past choices impose on current strategic options.
- Develop marketing copy that can be used to implement a change in strategic direction.
- Select appropriate media channels for a marketing campaign targeting a new group of consumers.

Case Questions

1. From its founding, Cracker Barrel's brand identity heavily relied on the iconography, values, and norms of the American South in the early twentieth century in their marketing and branding efforts.
 - a. In what ways did the choice to associate the Cracker Barrel's brand with being "southern" support its growth?
 - b. In what ways did the choice to associate the brand with being "southern" limit the growth options available to the marketing team?
2. Do you agree with the executive team's decision to offer alcohol on the menu? Why or why not?
3. Do you think the marketing team's concerns were excessive? Why or why not?
4. The Cracker Barrel marketing team had to increase the brand's appeal to new consumers while remaining true to their loyal customers. Develop 3 slogans that could be used on a billboard advertisement announcing the sale of alcohol at Cracker Barrel that would not alienate customers opposed to drinking. Provide support for your choices.
5. If you were launching the menu changes today, which social media platforms would be most appropriate to reach a younger audience with Cracker Barrel's new additions to the menu? Explain why your suggestion is the best choice.
6. Using your knowledge of current social media influencers, choose three influencers that you feel would be a good fit for a partnership announcing the addition of alcohol to the menu. Provide a rationale for why each would be a good fit for the brand.

Teaching Tips

This case examines how branding that uses cultural associations can have positive implications for growth, while limiting the brand's options once the primary target market has been saturated. We recommend starting the class session with the following two questions to frame the foundation of the case.

- In your own words, define culture.
- How does an individual's cultural identity influence their purchasing decisions?

After a brief discussion of these items, we recommend allowing the students some time to read the case. After reading the case, students should be asked to complete the case questions in groups or individually at the instructor's discretion.

Case Question 1 provides room for an instructor-led debate on the merits of using a branding strategy that focuses on the potential impact of culture. Instructors may choose to divide the class into two groups, assign each group a position for or against the practice, and moderate a class in debate on the practice.

Case Question 4 asks students to develop 3 slogans that could be used in billboard advertisements announcing the decision to put alcohol on the menu. If the case is used in an advertising class, this question could be modified to ask students to create a billboard advertisement mockup using the company's colors and themes.

Case Question 6 asks students to select three current social media influencers who would make a good fit to announce the company's choice to add alcohol to the menu. This question could be expanded to include a course group project. Students would develop a promotional pitch and create a PowerPoint or Canva presentation. Their pitch would include advertising content, target customer identification, their recommended marketing message, and an analysis of its appropriateness for the project.

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