



Marketing in tighter times

How to market as you come
out of a recession

How has the recession affected your approach to marketing?

Common marketing thought – backed up by research through past downturns – is that businesses should maintain their marketing spend through tough times. It's also a truism that the marketing budget is usually one of the first to be cut when money is tight.

So what does recent research say?

Research from the PIMS (Profit Impact of Marketing Strategies) database in 2008 supports the view that, to come out of a recession at an advantage, a business should maintain marketing spend. Those who cut their marketing budgets did enjoy a superior return on capital employed during a recession but “spenders” achieved significantly higher return as the economy recovered, gaining an additional 1.3% of market share.

A study, “Turning Adversity Into Advantage: Does Proactive Marketing During a Recession Pay Off?” published in the International Journal for Research in Marketing, sheds further light on how a business' marketing strategy can affect its performance during a recession. It finds that businesses entering a recession with an already established strategic emphasis on marketing and an entrepreneurial culture are best placed to invest in marketing during a recession and reap the benefits. But without this strategic advantage, you could be better holding off on increasing marketing spend until signs of economic recovery can be seen.

Whatever your existing approach marketing, there is no indication that cutting back on your marketing is a good idea. The trick is not to spend less but to spend smart.

The SMART approach to marketing

You're probably aware of the concept of SMART objectives and the SMART approach can be taken to your overall marketing decisions. Here's how.

Strategise

Be active in your marketing strategy; don't simply react to events. Know where you want your business to be and plan your marketing activities to achieve that. At the same time, be flexible, open to opportunities and be prepared to innovate.

Maintain your marketing spend

The risk of cutting your marketing budget is that you lose visibility with your customers and prospects – out of sight is out of mind. And this means that you are creating an opportunity for your competitors to move in on your territory. It can also create the impression that you are “on the way down” which, in turn, suggests that doing business with you could be risky – not an impression you want to create ever and certainly not in times when people are looking for more security in their purchases.

Analyse what works and allocate your budget accordingly

Still far too many small businesses throw money at promotional activities without analysing their effectiveness. At its most simple, this only means asking enquirers and customer “where did you hear about us” to get a broad-brush idea of what works. Better still, use techniques such as codes on adverts, specific response mechanisms on flyers, and special landing pages on your web site to measure more precisely.

Research your customer

This is no time to be complacent about your customers. However well you think you know them, remember, times have changed and so will their purchasing habits. They might be buying less often. Or “trading down”. Or taking longer to make a decision than previously. They will almost certainly be wanting to deal with a supplier who cares about them – there will be plenty of places to take their business if you don’t.

Target your customers tightly

Tough times call for tighter targeting. With the need to squeeze more from its marketing budget, a small business simply doesn’t have the luxury of wasting money on brand advertising to “raise awareness” in the hope that sales will miraculously follow. You need carefully targeted campaigns with clear calls to action built on easy-to-understand propositions that your customer values.

Marketing yourself out of the recession



As I write, the jury is still out as to whether we can see the fabled “green shoots” of recovery or whether we will see a double dip. One thing is certain: there will be no instant recovery with things reverting back to “normal” over night.

So there is plenty of value to be had from instigating your recovery marketing strategy now. So what should you be doing?

Refresh your view of marketing spend

If you regard your marketing budget as a cost, then it does make sense to cut it. But your marketing budget should be an investment in building your customer base – and without customers, you haven’t got much of a business, so investment it is. When you invest in marketing, you have a clear idea of what you intend to achieve, you monitor and adapt if necessary, and you measure results.

Find the right focus

Balance your strategy so that you are neither too dependent on one single type of customer nor spreading yourself and your resources too thinly. Ensure that you understand your different customer types and have something specific to offer them that they value.

Understand your customers

How has their behaviour changed recently? How quickly might they move back to previous buying habits? Or will they change at all? Understanding customers is the key to great marketing whatever the economic conditions but now should be the time to get into some good habits yourself.

Avoid the “empty middle”

A small business makes life very difficult when it tries to be all things to all people, very often ending up being nothing much to anyone. Understand what your brand is about. If it's a premium brand, avoid talking about price as this will undermine your position in the long term and quality-conscious consumers are still inclined to avoid “budget” brands: trying offering premium “small treats” to keep them buying instead. Conversely, low cost brands should emphasise how much they are on the customer's side by keeping prices low.

Keep your current customers coming

It can cost around eight times as much to recruit a new customer as to retain a current one so tighter times mean keeping an even tighter hold on those who already buy from you. When times are uncertain, customers will be looking for suppliers who can add security to their situation so trust and reliability are paramount. Keep them loyal with outstanding customer service and good value. If you want to make special offers, reward them for referrals. You should also consider how you might re-activate old customers.

Watch your competitors



Are they also maintaining their marketing or have they decided to batten down the hatches? If a competitor falls by the wayside, there's an opportunity to gain new customers. Even if they're still in business, by reducing their marketing, they reduce the amount of marketing “noise” which means it should be easier for you to make yourself heard.

Be careful with promotional pricing

Online searches for discount codes and vouchers have soared in recent years so discounts can be useful for tactical stimulation of sales and are a tempting way of feeling as though you are “doing something”. If you do discount, make sure you get something in return – contact details, a recommendation to others, the need for a further purchase – otherwise your price cuts will just eat into your profit margin and set future expectations for low prices.

Emphasise your core values

In uncertain times, consistency can be a great reassurance to reluctant buyers. When you know what your business stands for – your core values – you can establish the trust you need to build great, long-lasting customer relationships.

Own your niche

As a small business you are better equipped to specialise than to try to be all things to all people. This is a time to confidently put your business forward as the experts in your niche. If your competitors are choosing to drop off the radar, so much the better – the turf is yours for the taking.

Do more for less

Make sure that you squeeze every last drop of value out of your marketing activities. A press release can be posted on online press release sites as well as sent out local media; it can be posted on your web site, mentioned in your newsletter and Tweeted about. If you're exhibiting at an event, invite your contacts beforehand to attend, put details on your web site, issue a press release, have a means of collecting contact details of leads at the event, write a blog post afterwards, and follow-up your leads diligently.

Improve your conversion rate

Attracting enquiries is one thing. Converting them to sales is a different part of the process. Always follow up enquiries. If they go quiet for a while it doesn't necessarily mean they're not interested; perhaps something else has just taken priority for the time being. Monitor your pipeline and keep in touch with prospects. Brush up your sales skills.

“Remember what winter is like when summer comes again.”



Tighter times are the times to tighten up your marketing practice, to develop a great marketing mindset and to get into the best marketing habits. What works well in tighter times will stand you in good stead in brighter times too.

Clarity Marketing Ltd. provides marketing strategy services to small and medium sized businesses. If you would like some help developing your marketing strategy, contact us on 0115 964 8222 or francine@clarity-in-communication.com.