

the **business** OBSERVER

Downturn Strategies

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Marketing in hard times can grow your business faster and more effectively than doing so in boom times.

The Economy has slowed, but it has not stalled. As long as there are companies and people doing business, things will be bought and sold. For smart businesses, now is the time to grab this opportunity to increase customer loyalty, solidify market position, and get new customers.

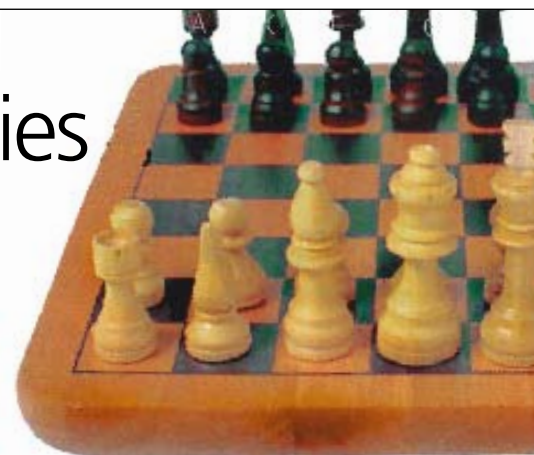
Studies conducted by organizations ranging from Harvard Business Review to The Wall Street Journal underline the importance – and value – of marketing in an economic downturn.

In a study of U.S. recessions, McGraw-Hill Research analyzed 600 companies from 1980 to 1985 and concluded that at the end of 1985, "...firms that had maintained or increased their advertising during the 1981-1982 recession could boast an average sales growth of 275% over the preceding five years. Those who cut advertising realized a paltry increase of only 19%."

In spite of this overwhelming evidence, many companies are still tightening their belts, and the marketing budget is typically an early casualty. This is a mistake for two primary reasons.

First, if you reduce spending on marketing, you will reduce the number of new customers. Direct marketing drives direct sales. And consistent brand presence is critical to keeping – and increasing – customer loyalty and prospect awareness.

Second, (a direct result of the first reason) it is much easier to gain ground against competitors who have cut back on marketing, who drop below buyer radar as a result of decreased market presence. If you and your



current competitor's scale back your marketing, you may find a competitor you didn't know existed come from behind to take over your market.

In business today, the phrase "for every loser, there is a winner" has particular relevance. But whether your company is staying the course, cutting back or (let's hope) using this opportunity to aggressively dominate its market, the next column lists 10 "downturn proven" marketing strategies you can start using today and make sure you're one of the winners.

10 Proven Steps to Increase Your Marketing Effectiveness in an Economic Downturn

1. Be Dominant

Many studies show that companies which slow marketing spending lose out now, as well as after a recovery. You want your customers to know that they've picked a winner, and your prospects to know you'll survive – and thrive – in tough times as well as good.

2. Audit Your Brand

Does your company or product brand accurately reflect who you are... and who you want to be? Is what you say you stand for believable – and important

to your target audience? Make sure the brand you go forward with is the right one, and put systems in place to maintain its value.

Consistent logo usage, a single “voice” and the way you communicate your brand in other ways is critical. If you are like most companies, your brand is the most valuable intangible asset your company owns. Protect it.

3. Reevaluate Your Offerings

Look for ways you can repackage existing products or services in ways that can provide more value. Or, develop a product or service line that can accommodate smaller clients or customers with reduced budgets.

4. Embrace Your Database

“FIRMS THAT HAD MAINTAINED OR INCREASED THEIR ADVERTISING DURING THE 1981-1982 RECESSION COULD BOAST **AN AVERAGE SALES GROWTH OF 275%** OVER THE PRECEDING FIVE YEARS.”

Your current database probably houses former customers and prospects, as well as current customers and suppliers. Now’s the time to go after them. Reactivate dormant accounts and leads with new products, promotions and services.

Also, contact current customers for referrals. Give them ideas they can use to help their business in the current economy, and they’ll be happy to pass you on to others who could benefit from your knowledge.

5. Measure your Marketing Return on Investment (MROI)

The problem with many marketing efforts is the inability of management to ascertain what really works, and why. That’s why smart marketers always measure outcomes so they know exactly where to invest for the greatest return.

The more you test and measure, the more relevant data you’ll get. And the more data you get – and analyze – the smarter your marketing will get.

6. Cost Controls

Controlling cost does not mean cutting cost. It means being smarter with the budget you do have, and wringing greater value from every dollar you invest in your marketing program. Closely related to MROI (Point 5), controlling costs allows you to invest your money where it drives the greatest revenue.

7. Launch a Targeted, Integrated New-Business Campaign

Now is a great time to launch a customer acquisition campaign. Strategically, set specific goals, tight cost controls and strive to sell product and build brand. Target your best customer profile, and speak directly to them with your messaging.

Tactically, develop an integrated campaign across different media focusing on results-driven direct-marketing techniques.

8. Reevaluate Your Marketing Service Relationships

Are you totally satisfied with your marketing or PR agencies? What about strategic marketing counsel? There are lots of smart practitioners out there, and many may be able to give you greater insight, higher levels of service, and greater value for your investment.

9. Enhance Customer Service

Do you provide “bullet proof” customer service? The cost of getting new customers is much higher than getting more business from existing customers. Each customer you lose is taking money out of your pocket over time.

10. Increase Customer Insight

The more you know about your customers, the more accurately you can target marketing messages for your products and services to address their specific needs.

To do this, marketing executives need to get down in the trenches. Engage in direct contact with customers through phone surveys, or ride along on sales calls. Conduct web-based surveys, and promotions aimed at gathering opinions.

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