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# IN A RECESSION ✓ COUNT ON MARKETING

## Introduction

America is still at war and changes are on the horizon after the historical presidential election. Now is the time to increase your marketing budget for 2009.

Marketing executives dream of this day... the ability to seize market share from the competition while keeping spending down. Since some companies cut budgets for research and development and marketing during these troubling times, their competition can finally get their message to the consumer. If you decrease spending on your marketing, prospects will not know where to find you or what you do. Current customers will feel disconnected from you at a time when they think most about how to spend their money.

Experts agree that marketing and innovation are key ingredients to your long-term success. Without these ingredients, the mix will be off, and you will pay dearly with decreased market share and revenues. Anywhere you look, you will see examples of companies that have launched new products and flourished during recessionary periods. With the correct strategic pieces in place, you can increase your piece of the pie, keep spending in check, and create a path to long-term growth and stability.

## 1. Expert Opinions Matter

Some larger companies are using marketing to their advantage. According to an Advertising Age article in Q1 of 2008, "Kraft foods, Hershey, Kellogg and General Mills increased their marketing and advertising spending. Their investments paid off in the form of greater-than-anticipated Q2 sales growth."

Increasing marketing efforts work for smaller companies as well. Smaller firms might even see a larger payoff. John A. Quelch, a professor at the Harvard Business School, recently wrote, "It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return-on-investment at lower cost than during good economic times."

Senior executives agree with academics on the importance of marketing during these times. David Rubin, from Unilever stated, "Consumers are forced to make tougher choices when the economy is bad, and the role of marketing just gets amplified." Ed Rensi, former CEO of McDonald's USA, agrees that "companies ... cut marketing, which props up profits short term but erodes market share down the road."

## 2. Success Stories

Companies should employ both innovation and marketing together to strengthen their future. Jay McDonald from Bankrate.com tells us in an article from July of 2008 that "Microsoft, Hewlett-Packard and Disney ... all started during economic downturns, as did more than half of the 30 companies that comprise the Dow Jones industrial average."

Jack Neff wrote an article for Advertising Age in March of 2008 listing companies that succeeded during economic downturns by promoting innovation and increasing their marketing efforts. In fact, the magazine Advertising Age was launched during the depression in 1929.

- 1931 • Neil McElroy's Brand-Manager Memo
- 1932 • First Radio Soap Opera ("Ma Perkins")
- 1933 • First Synthetic Detergent (Draft)
- 1975 • Small and Midsize Japanese Cars
- 1979 • Home Depot
- 1980 • Ted Turner Founded CNN
- 1981 • IBM Personal Computer
- 1982 • MTV
- 1990 • Wal-Mart
- 1991 • Pull-Ups Training Pants
- 2001 • iPod ("42 days after September 11")
- 2001 • Dollar General
- 2001 • Family Dollar
- 2001 • P&G Swiffer Wetjet
- 2002 • Axe Body Spray
- 2002 • P&G Crest Whitestrips - Jack Neff

Jack's list (above) shows successful product launches during slumps in the market. The list spans industries and price points with most companies still in existence today.

## 3. Planning Your Strategy

Companies have many different options to explore depending on the market size, demographics, product mix, etc. Research shows that you should keep some main ideas in mind when drawing up your marketing plan.

**Target.** Get back to the basics and re-evaluate the demographic and psychographic information of your current and prospective customers. Research your customers' reasons for buying your product versus the competition. Do not assume the reasons why your customers are happy with you – ask them. Determine the decision-making process your customer goes through before buying and map it. Advertising Age magazine suggests becoming more targeted in your promotions and saving mass media advertisements for the newer products.

**Message.** Just like in politics, people respond when you mention family values. During times of struggle, people respond by getting closer to family and home. They think about their personal goals and the true meaning of life.



Do not use fear as part of your message. Now more than ever, people need a good laugh. Let your customers associate those good feelings with you.

**Core Strengths and Value.** Emphasize your company's core strengths and the value of your product. Stand out from the competition by solving your customers' problems and empathizing with them. Call attention to the value customers receive, not price.

**Market Share.** The key to marketing during a recession is gaining market share. Bernard Ryan performed a study for the American Association of Advertising Agencies and found that companies that decreased their advertising during recessions struggled during the recovery. History shows that customers will increase their spending by approximately 9% during the economic recovery. Make sure your name stays at the forefront of your customers' minds to gain market share. Then you will reap the rewards during the recovery period.

## Conclusion

Your company's long-term success depends on the strength of your current marketing efforts. Your company needs to foster creativity, innovation, efficiency, and employee morale. The economy will recover. Will you be ready when it does? Count on marketing!

Contact a professional for help...Monica Kulesa, MAS.

## Sources

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## Contact Information

Please contact me by faxing this form to (888) 511-2139.

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Company: \_\_\_\_\_

Email: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Information Request: \_\_\_\_\_



**Monica Kulesa, MAS**

ESS - Geiger Midlantic Ind. Rep.

Ph: (302) 698-1220

Fax: (888) 511-2139

mkulesa@geiger.com

www.ESS-Geiger.com

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