

Marketing in a Recession

By Bruce McTague

Part 1: You Can't Hide From Recession

The current environment is one that cannot be ignored. We are in a recession. People, businesses and consumers, have less discretionary money. Businesses will be cutting back on expenses and marketing departments will have to do more with less. This means that business goals will still be there and more challenging to meet and Marketing departments will have to do it with less money. This white paper outlines some thoughts on how marketers can be a little smarter with their money to position themselves to be successful in the marketplace.

Let's begin by talking about what is happening in the marketplace. And why maybe some of the past recession rules may not apply moving forward in 2009.

Comparing the 2008 recession to past recessions

This generation hasn't faced this scenario before. In fact, not many adults who dealt with this scenario in the 1930's remain (to maybe guide us). Yes. I am suggesting we cannot compare recent recession learning and need to go back to the Great Depression for learning.

In a traditional recession people are worried about losing jobs as companies cut back to face the economic challenges. In the current scenario the entire financial infrastructure seems to be breaking down - globally. Boy, that sounds like the Depression era doesn't it? Entire companies, brands as they may be, which have been in existence through generations are crumbling. Icons of stability are not only looking less stable they are ceasing to exist.

The difference between now and recent recession periods in the consumer's mind can be summarized – "I am worried about losing my job versus even if I do all of these things right and keep my job can I still make it." Don't be surprised when people shift into a full survival mode. And not just low and middle income people but even large wealth groups.

In this kind of environment it may seem silly to talk about marketing or protecting your brand. But these topics are relevant to business success and the economy in general. The economy machine will continue to run on strong functional products and services being marketed to people. 'Fluff' products and services-products and services surviving more on image than performance and 'fluff' marketing-will not survive.

Discretionary versus non-discretionary category marketing

The marketing rules of the game are going to vary between discretionary and non-discretionary categories. People will treat marketing messages for "items I need" and "items I want" with a different scorecard.

Discretionary categories, like soda, cigarettes, candy, movies, etc., will certainly be able to get away with traditional image driven campaigns. In fact, historical evidence suggests that lower cost discretionary items will prosper in difficult economic times (according to annualized increases in consumer spending in the UK 1989-91 movie revenue grew 16%, alcohol 10%, and sports & toys 6% - source: DDB "capturing opportunities in challenging times.").

Bottom line is that in uncertain times people will still be seeking moments of indulgence or escapism. They will just be more thoughtful and low cost indulgent moments will prosper.

It is in non-discretionary-like categories where things will get challenging. Branding campaigns, soft image driven look & feel, in non-discretionary categories will be bad. Very bad. They will be seen as the actions of uncaring, “fat” companies. (see recent example of automotive CEO’s flying first class to Washington DC meeting). Campaigns need not be pedantic but they should err on the side of being more overt in their messaging of benefits and value. Companies messaging and spending cannot be perceived as wasteful but useful, not pandering but compassionate and not imagery but rather benefit-driven.

What people “on the street” will seek through advertising & marketing

Once again let’s discuss this topic as it relates to non-discretionary categories. There will be certain things consumers, and businesses, will seek as they absorb advertising and marketing. I believe the largest buckets of messaging interest will reside in these two buckets: *existence and value*.

Comfort of future existence

Sound morbid? Sure does. But no company seems protected from a future ‘blown into oblivion’ at the moment. Regardless of whether this is really true or not (people certainly realize some companies have to be able to make it), no one is truly really sure who is going to make it.

People will desire some messaging that goes beyond simple communication of safety and reliability. Messaging will need to convey reassurance that the company’s existence is likely. Can a company guarantee existence? Not in this environment. Too many people are too cynical (or scared). A company can only hope to create the impression of “in the scheme of things this company has better odds of making it through the recession than other companies.”

The value

In my eyes value is going to be bundled attributes rather than one distinct selling proposition. People will be seeking value in the form of a big warm blanket and not a superior small heating pad. Each company will need to define the tangible product attributes contributing to the reliable brand personality and then articulating the bundle in a compelling way (because remember you are going to have to do it with less money than you have before).

Value will be created through a combination of emotional comfort (to be clear, comfort can take on a variety of characteristics like calming, amusing, companionship, levity, etc.) and tangible benefits. If you are seeking a formula, and this is not scientific nor research driven, I suggest 20% emotional appeal and 80% benefit/value driven. The emotional aspect is still critical – research reflects that a message’s “likeable” score is the most important factor in affecting positive purchase intent and positive company/brand perceptions – but will take a more muted role in non-discretionary messaging.

3 Recession Rules of the Road

1. Truth.

First. Understand that the only thing certain is uncertainty (in people’s minds).

Second. Be truthful. As stated earlier, realistically no company can guarantee they will make it through this recession. Your company may have better odds than other companies but it is

difficult to guarantee to the public and it is certainly difficult to quickly prove and make believable in marketing. Share the concern of the public (because your boardroom is also probably concerned) but offer calm strength of leadership.

Third. Be consistent but flexible. The unstable economic environment will create an ever-changing messaging environment. Therefore the companies who are constantly communicating as the economy swings back and forth with forthcoming messaging will be the companies who will become more trusted (and that trust invariably builds equity for a brand).

2. Tried & true.

Existing reliable products and services will do well. And you don't even have to discount them. People really won't be in the mood to risk money on new products (or let's say they will be more hesitant). This is probably not the time to introduce a brand new product unless it is clearly superior and costs less. It is the time to reflect upon the existing product/service portfolio and possibly 're-bundle' or focus marketing messaging on highlighting the attributes of the existing products that increase the sense of reliability and stability.

3. Trusted partners.

Your distribution partners need to be nurtured and involved in your messaging focus. They are also uncertain as to their own future viability and they should be protected and managed as an extension of the company's own employee base. The existing distribution network is the lifeblood of the company and supporting their existence is like insuring there is enough oxygen in the air for your company to breathe. Breathe life into them with support materials focused on benefit and value. Their word of mouth, and consistent offering of your products and services, will invariably create the emotional net response of reliability.

Framing of messaging will be critical.

A last note on tone and feel of marketing messaging. I have spent some time outlining the composition of essential messaging but the framing will also be important. Particularly within these non-discretionary industries – auto insurance, health insurance, banking/financial, food, etc. Creativity is a powerful tool and the framing of the messaging will have increased importance. I believe creating fear and angst to deliver the selling proposition is a dangerous path to walk in a time where people will be seeking compassion and value solutions for the things they need – and are frankly afraid they cannot afford at some point. I am not suggesting cost-cutting but if a company is not THE low cost provider, then scaring people into paying a higher price will not be the most prudent option for framing. Instead those companies, the ones who truly have the infrastructure with a higher likelihood to endure the recession should be positioning their 'bundled attribute' offerings as a safe haven, a stable and reliable location, to go to in the hurricane hitting people's lives. Companies, and brands, who light this campfire will find more than enough people seeking the warmth and comfort without having to suggest they fear the freezing night.

Where to go from here.

People will seek companies who exude realistic hope. That doesn't mean it should be marketed but organizations that gather employees around their own campfire and make them comfortable will create an environment where outside people will seek the comfort of dealing with them. These companies need marketing that captures the essence of what is happening internally and let people "in" rather than "sell them" on something.

These Marketers need to be active. Keep communicating. In times of unrest, people need some words of assurance (think President Roosevelt's radio fireside chats during the Great Depression). And if you are not speaking out people will seek out those who are. There are steps to take:

1. Begin Internally. Solidify the brand message and build the brand foundation within the company's four walls. No big events. Calm consistent reminders to show stable leadership (once again think FDR fireside chats every Friday ... note using Fridays as calming events before weekends and interaction with outside population).
2. Extended Family gets invited next. Trusted partners – vendors, distributors and customers. E-newsletters and online Live events instead of as many face to face meetings (but keep some face time to provide reassurance).
3. Selectively seek out new members for the brand family. Be selective. There will be less money to spend but successes will go further because of word of mouth. Direct marketing with confident solicitation, or better, invitation to join this family. Branding advertising doesn't need 13+ frequency levels. Focus rather on the selective 1 time impact.

Being active doesn't mean having to be extravagant. It is doing just enough to get the word out. Little messaging events consistently delivered day to day and month to month. Make the message a staple in people's lives and they will perceive stability in the messenger.

In times like this, leading companies will step to the forefront and lead. Not by being bombastic nor preachy, but rather through responsibility and resolute commitment to their people and customers. And in the end, the marketing and messaging should mirror that attitude in order to position the brand which is the company to be successful in both the recession and the aftermath.

Part 2: Please stop talking about spending

If I read one more article about "don't cut your marketing dollars in a recession" I am gonna puke.

C'mon. Be realistic. When times are tight you have to make some fiscal choices.

For the sake of making a point here are the rules for spending:

- If you have never invested in marketing before don't start now.
- If you have spent significant dollars in marketing in the past you really shouldn't go "dark" (people will notice) but absolutely cut back.
- If you are somewhere in the middle, figure out where having your message appear is most important and cut everything else.

(Sorry. No charts or escalating algorithms or anything like that).

Rather than talk about budgets and how people "should be marketing in a recession" it seems like marketers should be focused on messaging. And relevance. (maybe not in that order).

Message relevance is key to any marketing activity. But when you are thinking about making each dollar count it seems to take on even more importance.

Bottom line. If a message is relevant and communicated in an interesting way it only needs to be said once to be effective. If it is irrelevant I can spend until I am blue in the face (or my wallet is empty) and it won't make any difference at all.

Okay, that thought is meaningful whether in a recession or not, but because we are talking about cutting back on spending I imagine everyone should really be taking a closer look at each individual messaging opportunity.

Especially because it ain't time for fluff. (see Marketing in a Recession Part 1 to get details behind that thought) Companies spending money on corporate "image" campaigns right now baffles me (or maybe befuddles me).

About "non-fluff" messaging. So. What do I mean by relevance?

- Functional first. What does the product or service offer functionally that will enhance the buyers' lives if they use it. Be clear. Be focused. This isn't a laundry list.
- Tap into a user need. Need doesn't necessarily have to be tangible (like "I just need a break") but it helps if your product or service can explicitly meet a buyers need.
- Value. Make them feel good about the purchase beyond having them buy a widget from anyone. I purposefully put this one third and last. Doesn't mean it's not important it's just not more important than the first 2.

If I were to summarize relevance in two sentences:

Ease a worry. Enhance a life.

(and please stop talking about reasons why people should spend money in a recession)

About Bruce McTague:

In a career spanning over 20 years, I've been involved with a wide range of industries including packaged goods, restaurant, pharmaceutical, retail, business-to-business and tourism. I won't bore you with all the details, but the bottom line is I have touched so many businesses across so many categories the headline for my career should probably be "Collector of experiences and knowledge."

If you would like some additional work experience details and see what a number of people have said about me, visit my [LinkedIn Profile](#) my blog, [Enlightened Conflict](#) or contact me directly by [email](mailto:bruce@brucemctague.com) at bruce@brucemctague.com.