



Advertising in this recession.

Doing it right can make a life-or-death difference for your brand.

Randy Williams, operations head of a small regional jewelry chain, recently put it succinctly: "If the lights are turned off, it doesn't look like you're in business. If advertising is cut off, it equally doesn't look like you're in business. We want to stay visible."

Original post date: 12/15/08

That insightful observation often eludes even major national advertisers, who frequently react to adversity by cutting advertising spending, thereby assuring that their brands confront even greater adversity.

This isn't to say that keeping on as if nothing has changed is the answer. Mr. Williams' chain, for example, has added lines at lower price points, so shoppers with reduced budgets will find merchandise they can afford. Smart, because a smaller-ticket sale is better than no sale at all. And no retailer, product manufacturer or service provider can afford to miss a single sale in this economy.

Last week's article "The Price Is Right After All," ([click here to read it](#)) dealt with marketing price in this downturn. This week we'll look at other aspects of advertising that can help brands survive – and maybe even thrive – during the recession.

Don't stop advertising. Don't even cut back. Our white paper, "Good Marketing for Bad Times" ([click here to download it](#)) covers the reasons not to cut back in much more detail, but the three key points are:

- **You need sales more than ever right now.** Obviously advertising generates sales, or you wouldn't do it in good times. It's just as obviously counterproductive to cut off a tool that generates revenue just when you need that revenue most.

Cutting advertising in response to a shrinking market is almost always a self-fulfilling prophecy: A marketer is afraid that sales will decline, so the ad budget gets slashed. The reduced ad budget generates fewer sales. The lower sales cause a panic at headquarters, so ad spending is cut again. It can be the beginning of a death spiral.

One of many great lessons from Procter & Gamble, perhaps the best marketers of the 20th century (and not too shabby today), was: "Spend ahead of share." That is, budget advertising in proportion to the market share you want to capture. The other side of that coin is that cutting budget assures a reduction in share and, almost certainly, sales.

- **Your advertising is more effective in a recession.** Since many of your competitors will make the mistake of cutting back, maintaining your budget gives you a greater share of voice.
- **Advertising increases sales in tough times.** An American Business Press Association study showed that companies that maintained their advertising budgets averaged 22% increased revenues and 16% increased profits *during the recession*.

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(Non-disclaimer: BrainPosse is a marketing communications company, so it might seem as if we have a vested interest here. We don't. Our compensation is entirely fee-based. We get the same checks whether our clients have massive media budgets or none at all. We've occasionally advised clients to cut their advertising budgets. In one case, we increased awareness seven-fold – and turned a \$14.7 million loss into a \$23.1 million profit – with a 31% reduction in media spending.)

Bargain hard with media. All traditional media are losing advertising revenue during this recession. And rates are more negotiable than ever. How bad is it? After years of revenue growth (except for newspapers), at the beginning of the downturn Goldman Sachs projected these losses for the pre-digital media:

- **Broadcast TV** networks: -5%
- **Local TV** affiliates: -9%
- **Radio**: -5 to -10%
- **Outdoor**: -5 to -10%
- **Magazine**: -5 to -10%
- **Newspaper**: -5 to -10%
- **Cable networks**: -1%

The picture has only gotten worse as the recession has deepened. As with products, price isn't the only determinant. But once you've determined the medium or media mix that delivers your target audience most effectively, there's lots of negotiation room to make the buy unusually efficient.

Strengthen your search campaign. Search is the strongest web tool – maybe the strongest marketing tool – available today. We recently advised two clients to shift their main marketing effort to search. The costs were a fraction of what their campaigns would have required in traditional media, and the results exceeded all expectations. Some important factors:

- **Organic search works wonderfully for national marketers.** Not so much for regional or local companies, except those who are searched with a geographic keyword. For example: "Pizza Cincinnati." But if the search is "Nissan" or "fuel-efficient cars," the local dealership won't come up on the first page – or the first dozen pages – in organic search. The algorithms skew results toward national sites. So national marketers should give a lot of attention to SEO (search engine optimization). Except in categories which are searched with a local keyword, SEO isn't quite as valuable for regional and local marketers.
- **Paid search works for all marketers.** Even a perfectly optimized national site needs to be supported with paid search. Especially since new data indicates that paid search gets as many clicks as organic. Regional and local advertisers naturally need geotargeting in addition to keywords. And geotargeted paid search is affordable, though prices are starting a steep climb.
- **Forget about web display advertising.** Banners are beginning to droop, and no one has figured out how to use social media as an effective advertising vehicle. By all means have a presence on social sites, just don't waste money advertising there.

Understand where your target audience is coming from. It's always essential to begin the process of persuasion with insight into your customers' and prospects' perspective. And that perspective has changed significantly as the economy has gone from bad to worse. Deloitte's Holiday Survey found that a record number of consumers are pessimistic about the economy. More than half – 53% – expect the economy to weaken next year. That's the worst it's been since the survey started. One in five – 19% – think their jobs are at risk. That should temper messages and executional styles. Not to reinforce the gloom, but to project understanding and sympathy.

- **Lose the CEO** in your TV spot. These days people think some CEOs belong behind bars. Clueless scions who've inherited their jobs, Wall Street greed heads and the inept heads of the Motown Three have made company honchos very risky spokespeople.
- **Lose the McMansion** as a backdrop for your ads and commercials (unless, of

course, your target audience lives in McMansions). Your product or service should be appropriate to your audience's actual – not aspirational – lifestyle.

- **Acknowledge the economic situation.** "Times are tough. Here's how we're helping" works. Especially if you really are helping the target audience.
- **Go green.** Even in tough economic times, a significant proportion of consumers will spend a little more for environmentally compatible brands. The appeal is most effective with boomers, but younger age cohorts are also susceptible to green appeals. Environmental compatibility can add significantly to the perceived value of a product or service.
- **Emphasize long-term value.** This recession has triggered a backlash against the immediate-gratification, disposable-products culture. It may be a tectonic culture shift or just a trend that will fade when the economy recovers. But for now, sensible purchases – or those which are perceived as sensible – will trump fads and self-indulgence.
- **Compare your product to more expensive alternatives.** A recent *New York Times* article gives kudos to a Kia headline for their \$27,000 MSRP SUV: "Since when is overpaying a status symbol?" Kia isn't trumpeting a price cut, but instead comparing their sensible price to the \$60,000 or higher sticker on some SUVs. The *Times* also applauded an Olay Regenerist ad comparing their \$30 face cream to fancier brands going for up to \$350.
- **Use coupons.** But use them carefully. Coupons aren't just for consumer package goods any more, and they can be effective prospecting tools in today's economy.

But the metric that's always missing in coupon cost-benefit analyses is how many coupons are redeemed for purchases which would have been made anyway. The potential revenue loss from regular customers' coupon use can more than offset the value of trial among new customers in many product categories.

Coupons are most useful in categories in which even a sale to a regular customer may be incremental income. Using coupons to either entice new customers or encourage existing customers to make an additional purchase (for a spa or restaurant, for example) could be a no-lose proposition.

- **Don't look desperate or depressed.** Not even if you really are. Be careful to keep the tone of your marketing communications messages resilient, strong, confident – and perhaps even hopeful.

Don't panic. Some companies will go out of business in the next year. But some will do well. Cool-headed marketing will be the difference in many cases.

To find out more about helping your brand come out on top while the economy is headed down, contact BrainPosse by [clicking here](#) or calling (865) 330-0033.

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