

Advertising, Marketing & Beating the Recession Sell More Even If You Have Less

From: Christine Marcín, Principal
Stifel & Marcín – Advertising, Marketing & Design
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While some might view advertising as an unnecessary expense in this tough economy, and increased marketing may seem like a risk, it's important to remember a down economy typically offers a bigger opportunity. Dollars that you invest in advertising can work stronger than ever before, and when communicated with targeted placement, can effectively deliver a powerful message with long-lasting results.

Find Better Values

The money you spend will go a lot farther when the economy is slow, so maintaining a marketing budget (even though times are tough) can have an even larger return. By the end of 2008 many companies had reduced their spending on advertising, and production and media outlets saw their revenues fall dramatically. Currently, almost every magazine, newspaper and online site is offering some type of discount.

With negotiation and targeted placement, a down economy creates an opportunity for a buyer to get more for their money - more ad frequency and more ad visibility (ie. better placement) for less than it would usually cost. It's the time to ask for a little more or see if you can get a better price. Often times, people are saying yes.

Look For Free Image Promotion

Word of mouth has always been one of the most effective methods to increase sales. A personal recommendation will communicate the value of your products and services, and it's usually viewed as an unbiased, and therefore more reliable, source. Try contacting your current customers to ask for a testimonial that you can include on your web site or in a brochure. A good recommendation can go a long way, especially if there isn't a huge difference between your product and your competitor's.

Also consider promoting your community involvement or support of non-profit organizations. Create good feelings about your company by highlighting your commitment to your town, to an elementary school, to the environment, or whatever causes you are involved in. Improving your business's image will increase customer loyalty and show new clients that you have a good business ethic.

If a member of your staff, or your company as a whole, has earned some special recognition, be sure to promote that in your marketing materials and through press releases. If you were won "best new product" or "best workplace" or even earned a new certification, use it to your advantage. Show you offer something that others don't. Awards also offer an increased opportunity for free advertising. While posting info on your web site is good image building - a short paragraph about your award in a magazine or newspaper is a great opportunity for free promotion. Your brand will reach a wider audience, including customers you may not be targeting, and can create good will towards your business.

Also consider promoting if you are a female-owned or minority-owned business. Many larger companies offer a preference for vendors that offer diversity, and it is a simple way to increase the likelihood that a client may choose you.

Sell to Existing Customers & Use New Approaches

Marketing your products and services to new customers is much harder than selling to existing customers. Your current consumers know your products, know your quality and know your company from personal experience. It's important to remember the value of their repeat business and the value of the money they will spend.

The spend required to retain existing customers is about 25% of the cost of attaining new customers. As well, the likelihood is much greater that the customer will remain brand loyal, with almost 2 out of 3 existing customers responding to the message. In other words, less money does more. On-going advertising will keep your customers buying your products.

This not only refers to your existing customers' awareness of your brand, but also to the opportunity to grow your sales to existing customers. Just recently I was discussing sales with a owner of a manufacturing company. Because of the economy, he had been forced to downsize, laying off about 30% of his staff including his one salesperson. The owner took on the sales himself, and started by touching base with his existing clients. After a morning of calls, he had contracted over \$100,000 in new orders.

Why? First, his salesperson was focused on his own short-term goals - namely, his commission. Why sell to smaller clients with smaller orders, when with one big sale he could have the same commission? The salesman was doing less work and was earning the salary he wanted.

Secondly, the company's overall marketing approach needed to be revisited. When times were good, the focus was to bring in new orders. By mid-2008 sales had slowed, but no one reevaluated the advertising message. In previous years the company had purchased new equipment and expanded, allowing them to offer new services (increasing the types of parts they could produce) and increased secondary operations (assembly, cleaning, etc). While this was sold as a benefit to new potential customers, existing customers were just maintained, and often were never made aware of the improvements. They placed the same orders, over and over, and as the economy slowed, their orders slowed. The manufacturer simply needed to tell existing customers that the company offered more. The brand loyalty was in place and sales grew once the marketing message was there. A mailer and a phone call to existing contacts was much less expensive then trying to generate completely new sales and new target markets.

Never forget the huge value of your current customers. Companies that continually target new consumers, while neglecting existing customers are sometimes referred to as having a "Death-Wish Paradox." They wish they had more sales, so they target new customers and spend a lot to try to get those new customers, but it only leads to financial "death." Diversifying marketing efforts between past customers, current clients and new potentials will encourage buyers to return and can expand your customer base, while spending much less. You'll have a bigger return on your investment.

Redefine Your Target

It's also important to evaluate your ideal target audience. Your bigger customers are not always the better customers. While in the above example the larger orders meant a higher commission and less work for the salesman, the order itself may not have been as profitable for the company. Cost analysis often shows that larger customers are more demanding - wanting lower prices and special considerations because of their large buying power. Sometimes re-targeting your products to smaller consumers can be more profitable in the end.

Budget With Goals

Many small businesses I've worked with don't have a set amount earmarked for their marketing and advertising budget. Often, the business owner comes to us and says, "I need to do something" and it becomes our challenge to respond to an immediate need or fulfill a short-term goal within a set budget.

Conversely, many larger companies will have spent X-dollars last year on their marketing budget, so since the economy is bad, they reduce this year's budget by 10%, or some set amount.

The small business is reacting to an immediate need - "when sales are down we mail out a post card." The larger company is maintaining the status quo - "this is what we always spend." Neither business is reacting to today's economic situation. For many companies a unique opportunity exists that will set them up for long-term growth. Often there is also a greater opportunity to eliminate competition and corner a market.

It's hard to justify spending more (or for some companies spending anything) on marketing when your sales are down - you're worried about paying bills, laying off people, ordering the right amount of supplies. But how does that correspond to your long-term goals? In two years do you want your business to still be struggling, or do you want to come out of this recession poised to dramatically improve your position in the market?

It's the classic "manage vs. lead" dynamic. Managing means dealing with daily business activities, while leading means reacting to business trends and adapting for success. You can't lead and manage at the same time.

Does sticking to that formula of spending X% less than you spent last year really make sense? Now may be the time to increase your ad spend because sales are down from last year. Maybe you should launch an industry-specific print campaign, so your company is promoting itself in the same publications where your largest competitor used to run ads. Maybe it's time to run coupons to encourage new sales, or try regional radio spots to expand your consumer base. As mentioned in our white paper 4 Steps to Get New Customer in a Weak Economy, today's consumers are actively seeking new vendors. Make sure you are advertising your brand for them to see.