

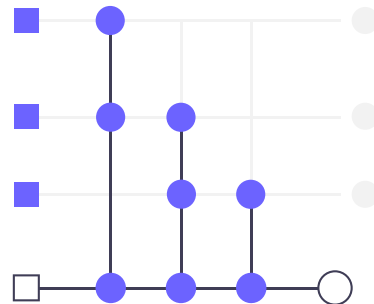
Why now is the perfect time to market your product or service





➔ Magenta guide

All businesses have been affected by Covid-19, and in these uncertain times, it's understandable that every cost is carefully scrutinised. Marketing is often one of the first expenditure lines to be cut, but that can be a mistake.



While it's prudent to examine costs, simply slashing marketing, PR and communications budgets can leave a business losing its lifeline to its customers and struggling to recover when the situation improves. By carefully examining the market and customers' changing needs, and adjusting marketing strategies and tactics accordingly, organisations are more likely to prosper now – and when the good times return.

This guide from the team at workplace communication experts Magenta Associates sets out the key reasons why now is the perfect time to market your product or service and why marketing in bad times is in many ways far more powerful than promoting yourself in the good times. It goes on to offer some top tips for marketing during a recession.

We'd love to hear your experiences of marketing during Covid. Please do get in touch and share your views.

Marketing is essential to building – and maintaining – a strong brand.

Writing in *Harvard Business Review* during the 2009 recession, John Quelch and Katherine E Jocz said that building and maintaining strong brands—ones that customers recognise and trust—remains one of the best ways to reduce business risk. The stock prices of companies with strong brands, such as Colgate-Palmolive and Johnson & Johnson, have held up better in recessions than those of large consumer product companies with less well-known brands. An analysis of the Profit Impact of Marketing Strategies (PIMS) database

compared the results achieved by companies that increased, maintained, and reduced marketing spend during a recession. The metrics used were Return on Capital Employed (ROCA) during the recession, ROCA during the first two years of recovery, and market share change during the same period of recovery. While companies that cut marketing spend enjoyed superior ROCA during the recession, they achieved inferior results after the recession ended. During the recovery, the “spenders” achieved much higher return on capital employed and gained an additional 1.3 percentage points of market share.

Marketing can help you to take advantage of your competitors’ mistakes. David Rhodes and Daniel Stelter, writing in *Harvard Business Review* claim that inaction is the riskiest response to the uncertainties of an economic crisis but rash or scattergun action can be just as damaging. Sometimes, the pressure to do something produces an uncoordinated response from organisations. Research by Boston Consulting Group reveals that organisations which have an initially tentative response to a downturn, tend to overreact later on leading to an expensive recovery when the economy bounds. By strategically marketing your business throughout the pandemic recovery while assessing your competitors’ vulnerabilities, you’ll be in a position to capitalise on their mistakes or errors in judgement.

Businesses review their suppliers during a recession, you want to be front of mind. Just as your organisation is reviewing its cost base, your customers will be doing the same. Your product or service will only avoid the cut if your customers perceive that it provides greater value for money than your competitors’ products or services. During a recession, it’s essential to reinforce the qualities which makes your brand appealing and different. And that’s what marketing can achieve.

Loyal customers are your enduring source of business. In bad times, your existing customer base is the one sure thing that can help to get you through. Maintaining communications with these customers can help to reassure them that it is very much business as usual and your organisation is there to support them through the dip. Becoming less present during a crisis due to a cut in PR and marketing budgets can make them worry and they could opt to cut their expenditure with your business or move to what they perceive as a more stable competitor. By continuing to market your product or service, you project the image of corporate stability. It’s business as usual and that makes people feel relaxed, confident and buy more.



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Your competitors are cutting back on marketing. If you're suffering from the effects of the pandemic, then your competitors will be too and it's possible they'll take the knee-jerk decision to cut their marketing spend. That creates more space for your voice to be heard in a less-crowded marketplace – particularly in areas such as digital marketing and SEO. That can be particularly important if you're a smaller business wanting to target the customers of a larger competitor. It means that your product launch or service improvement may have greater impact during the pandemic than 'normal' times.

Advertising prices are lower and there are more deals available. The trade, business and national press are suffering just as much as corporate firms. In many cases, publications are less frequent and certainly a great deal thinner than they were pre-pandemic. Circulation may also be down. So the revenue from advertising will be even more necessary than usual. But there are fewer people willing to put their hand in their pocket to advertise. Some regular advertisers may even have gone under or temporarily put their advertising campaign on hold. Advertising sales teams may be willing to offer special deals and negotiate more than they usually would. You will get more bang for your media buck. But while overall advertising costs drop in a recession, studies have shown that direct mail advertising, which is linked to greater short-term sales growth, increases in cost. Direct your spend where you can make most impact.

Promoting your business can help you acquire great talent. It's no secret that the unemployment rate is growing as the furlough scheme draws to an end. Every day the headlines are full of the latest announcements of job losses. And it looks likely to get worse with predictions that the rate could increase to around 11 percent by the end of the year. All of which means that there will be talented people on the market keen to support your business's growth. Marketing your business shows these potential recruits that you're a business in a strong position with solid ambitions and they're likely to come knocking on your door. As well as being easier to find, these people may also be prepared to accept a slightly lower salary package than previously and you may not find yourself having to compete with a number of other prospective employers. It's an employers' market, you just need to get your name out there.

ADVERTISING SALES TEAMS MAY BE WILLING TO OFFER SPECIAL DEALS AND NEGOTIATE MORE THAN THEY USUALLY WOULD.





Critique your current marketing plan. A recession enables you to think differently about your marketing. Bad times allow you to take a different approach. Making changes is easier during tough times as the recession – or the pandemic – can be ‘blamed’ and senior leaders are more likely to accept the need for, and welcome a new approach. It’s an opportunity to change established mindsets and look for creative and even more controversial ways to get your name out there and communicate with existing and potential customers. Look at your current marketing plan carefully. Are the channels you use to get to market the right ones for this new world? Does the messaging need to change? Do you have the right team in place to deliver the new marketing normal or do you need different skills and expertise?

Understand your new customer segments. The individuals or businesses who are buying your product or service may have changed from those pre-pandemic, or their priorities may be different, so you may need a different approach. Writing in *Harvard Business Review* during the 2009 recession, John Quelch and Katherine E Jocz set out four distinct groups of recession buyers:

- * **The slam on the brakes segment:** hard-hit financially, this group reduces all spending and substitute purchases for cheaper ones
- * **Pained-but-patient:** resilient and long-term optimistic but economising somewhat in the short-term
- * **Comfortably well-off:** confident about their ability to ride out the storm, these individuals and businesses consume at near pre-pandemic levels
- * **Live-for-today:** these are organisations and individuals who carry on as normal

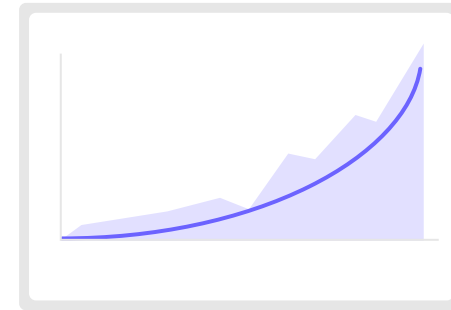
These organisations will all have essential, nice-to-have, postponeable and expendable spend and all will react differently to each area of spend throughout the recession. Analyse your customer base and plot out where they sit and tailor your tactics appropriately.

Understand your customers’ new pain points and direct your campaigns accordingly. Everyone’s priorities have changed in the pandemic. What’s keeping your customers awake at night now? What’s getting them up in the morning? Do you need to change your messaging and pricing for these groups? Are there new potential customers you now need to target? Can you pivot your offering to respond to their needs? Turn off all irrelevant campaigns (that will just feel like insensitive noise) and make sure you focus your marketing and PR spend on the messaging that really counts.

Put together your new marketing plan. A marketing plan in a recession will have three stages: the way down, the way up and positioning your business for the growth afterwards. Few of us had the time or the foresight to write a marketing plan for the way down – many brands were caught unawares. But putting together a marketing plan for the way up is essential, together with the acceleration to catch up on lost revenue. Plan for the acceleration now and you’ll be in a great place to capitalise on the recovery when it comes.

Make the most of what you’ve got. Even if your marketing budget has been slashed, there will be things that you can do to get your brand message across. Focusing on earned rather than paid content is a great start – many journalists are desperate for interesting content at the moment. Social media is resource hungry but free and a great way to communicate with your target audience cost-effectively. And don’t be afraid to share unpolished material. Everyone has presented a more human side of their lives during the pandemic. Whether it be a video of the CEO in her kitchen talking about the business and what they’re doing for customers, a blog from your COO about his struggles juggling home-schooling with running the business or a piece from one of your front-line teams on what it’s been like working through the pandemic, there are numerous ways you can increase your brand presence on a shoe-string.

People need free advice. While many of us will have faced recessions before, no-one has faced a global pandemic, and therefore the need for independent, unbiased and freely-available advice is high. If you can position your organisation as the go-to place for information and support on your particular niche area during this difficult time, then you'll be quickly seen as a trusted partner that people will want to do business with. Whether it be research, guides, videos, events or webinars, content marketing is incredibly powerful during tough times. The document you're reading is an example of Magenta's own content marketing.



WITH A STRONG PR AND MARKETING CAMPAIGN, YOUR BUSINESS IS SET FOR GROWTH

→ DO YOU NEED COMMS SUPPORT?

For almost 10 years, Magenta has been the communication expert in the built environment, designing and delivering bespoke marketing and communications strategies. During this unprecedented period, we are here to advise and support organisations of all sizes through the marketing minefield.

With teams in London and Toronto, together with partners around the world, we can seamlessly support your organisation.

Get in touch at www.magentaassociates.co or email info@magentaassociates.co or call +44 (0)20 3773 3622

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Growth is cheaper in bad times. With a strong PR and marketing campaign, your business is set for growth meaning you'll need to expand accordingly. Whether it's buying new equipment or more stock, signing a lease on new premises or hiring new people, it's likely to be cheaper to grow in a more challenging environment than in boom times. Failing businesses or administrators might be selling off equipment or stock at rock bottom prices or manufacturers also looking at falling sales could provide incentives or significant discounts. Landlords faced with vacant premises are more likely to be more flexible on a lease's term, cost and conditions. If your business is profitable, you have a strong pipeline and a strong business plan in place to support your ambitions, banks may be willing to offer attractive finance packages to allow you to expand.

Expert help can be more cost-effective in a recession. Many businesses reduce their internal marketing head count and turn to external agencies for support during difficult times, reasoning that the expenditure can be more flexible. Of course, PR, communications and marketing experts will also be facing their own challenges and are again more likely to be flexible when it comes to terms and fees.



Office 3, Design Quarter
129-130 Edward Street
Brighton BN2 0JL

Workplace House
69 Turnmill Street
London EC1M 5RR

55 Albert Street, Suite 100,
Markham, Toronto,
Ontario L3P 2T4

info@magentaassociates.co
+44 (0)20 3773 3622

magentaassociates.co

