

Smart Marketers Get Even Smarter During a Down Economy

Five good reasons why advertising
during a downturn makes sense.

History and current studies show that advertising in both good times and bad is the right choice for market leaders. Make sure you're working with advertising and marketing partners that have the know-how, resources, reach, and technology to help you stay top-of-mind with your customers and prospects for every step of the buying cycle.

Smart Marketers Get Even Smarter During an Emerging Economy

History repeats itself– a down market is the right time to advertise.

The negative economic news continues and many marketers are already hunkering down to ride out the storm that doesn't look like it will abate any time soon. Taking shelter is a natural response when times get tough, especially for marketers who are painfully aware that when budgets tighten, executive management often earmarks marketing and advertising spending as one of the first areas for cuts.

As an advertising and marketing services firm, Wilde Agency has had first hand experience with fluctuating economic conditions. Wilde Agency is a division of Wilde, which started more than 140 years ago. Wilde has had its share of ups and downs as the company evolved, but we've continued to grow and prosper over the long haul and attribute much of our success to taking our own medicine. In good times—and especially in bad—you must constantly communicate your message and value proposition to current clients and prospects.

Looking at past recessions, we can find ample evidence that advertising during a downturn helps companies not only weather the storm, but also puts them in a strong position for the recovery when customers are ready to loosen their purse strings again. In fact, it's a misperception that customers may reduce spending, but often by only a few percentage points. Meanwhile, believing that they are getting ahead of the recession, many business will move too quickly to cut advertising and marketing spending just when their customers are eager for special promotions and offers.

A McGraw-Hill study examining a recession period during the early 70's bears this out. Companies that reduced advertising during this period reported a decline in momentum and sluggish sales growth even after the recession had ended, while competitors that maintained or even increased their advertising spending gained market share. A 2001 American Business Media study of 500 business-to-business executives found that 97 percent surveyed said that even in a down economy it's important to continue to invest to remain competitive in the future. The study also found that 86 percent surveyed said that seeing a company advertise during a down economy keeps them top-of-mind when making purchase decisions and gives them a positive impression about the advertising company's commitment to its products and services.

Today, we find ourselves facing tough times again and history has shown us that now is not the time to cut advertising, but to invest now and for the recovery.

Next, let's look in more detail at how maintaining and even increasing your advertising spending during a slow economy will benefit your organization by strengthening your market leadership and mindshare.

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1 Speak up while others go quiet

Despite the historical evidence cited in this article and many other studies confirming that advertising during a downturn is smart marketing, many companies will follow the herd, hunker down, and cut advertising and marketing spending until the recession storm passes and the skies brighten. This is your opportunity to get your message and value proposition out loud and clear when there are far fewer competing messages bombarding your current clients and prospects.

2 Get more for less from your media buys

A recession hurts everyone, including media outlets and publishers. Every week, a new study comes out, predicting a dramatic drop in advertising spending. This gives you a leg up when it comes to media buying negotiations. Media companies want your business now more than ever, so take advantage of a buyer's market. Your advertising agency partner should have the smarts and media relationships to ensure that you get more for less from your media buys.

3 Sprint ahead of the competition

When times are good, it's easier for new players to enter the market. As mentioned previously, your customers and prospects also get bombarded with advertising campaigns and messages from your more established competitors. A slow economy is your chance to get your message out, just when your top competitors are likely to pull back on advertising and startups lack the funding and support to crowd the market.

4 Show the market you're a top player—in good times or bad

Your current customers and prospects constantly need reassurance, especially during a market contraction. Staying top-of-mind with advertising not only builds mindshare, but also customer loyalty and trust that you'll be there with innovative products and services—whether boom time or bust.

5 Tune up your marketing mix

Make use of this article, the industry studies and plenty of other research you can find online to do some internal marketing of your own to convince your company executives that now is the time to build advertising and marketing budgets, not cut them. You can also tune up your marketing mix by emphasizing results-driven advertising and marketing tactics that show measurable ROI, such as direct marketing and lead generation campaigns. Online channels also provide clear ROI and metrics for benchmarking marketing success, especially email marketing. Research firm IDC* has forecasted that the Internet's share of the overall U.S. advertising market will grow from 8.6 percent to 15.5 percent during the next four years, overtaking newspapers and television.

(*U.S. Internet Advertising 2008-2012 Forecast and Analysis: Defining the Economic Crisis)