

Marketing Strategies In a Down Economy

By Victoria Rierdan Hurley

It's a generally accepted rule in business that when times get tough, the first thing that should go is the money earmarked for marketing. This is a myth. Marketing is seen as a cost center as opposed to a profit center so slashing the marketing budget from 28% of sales to 12% or less seems, on the surface, like a wise idea. But it's not. Tough economic times can actually be a positive for companies that understand how to use marketing to their advantage.

As the economy has slowed down, we have seen the inevitable shakeouts – from banking to retail. The failure of Bears Stern and Indy Mac have sent shockwaves through the country on a large scale, but on a somewhat smaller scale, have you been to the mall lately? In many parts of the country spaces sit empty while there are signs in almost every window announcing 50-75% off sales. Some say that this is only the beginning. The question is how can businesses, especially small businesses, survive and even thrive in this kind of environment?

Companies in your industry and related industries may be closing their doors due to economic pressures. This will leave a lot of potential customers looking for alternatives. If you are a newer company or one that has not done any, or very little, marketing or advertising, the door is wide open for you to make your mark.

“A recession provides a fantastic opportunity for a well-run business to take customers away from competitors that are struggling,” says Judy Schramm, founder of JMR Consulting, an Alexandria, Virginia based marketing consultancy for small software companies. “You simply need to make sure that your message gets out there loud and clear so those customers know where to turn when they become dissatisfied with their current vendor.”

Instead of cutting the marketing budget, ramp it up. Although this may seem counter intuitive, keeping up the volume on marketing keeps your business top of mind with customers. While your competitors are reducing their outreach, and possibly failing their customers, your company's messages stand out. This provides the additional benefit of giving customers and prospects the impression that your company is solid despite the bad economy.

In times like these, expenditures are weighed more carefully than ever. This is true of both individual consumers and corporations. Because of this, it is critically important that your company's marketing messages be entirely benefits oriented. It must answer the customer's question: why should I give my money to you? This may be an ideal time to re-evaluate your current marketing messages, collateral and website copy. When customers are making purchasing decisions, they want to be assured that they are making the right decision. They do not, however, want to be “sold to.” Watch the quality of the copy. Avoid the used car salesman tone. Be professional and factual while always extolling the benefits to your customer. Remember, the benefit to the customer does not include your vision, your philosophy or your personal story. It's all about what they will get for their money. It's always worth paying a professional to write your copy. If you need to, there are other places to cut corners.

When considering your own expenditures, there are certain things to think about that will help make the most of your marketing dollars. Advertising can be a good option. A common mistake businesses scared of losing revenue make is widening their net to get the most visibility possible. The truth is that

during times of recession, it makes more sense to narrow your outreach to target the most likely customers.

Before buying advertising, spend some time to really identify your customer. Who is he or she? Go through customer records and categorize the top types of purchaser. Are they facilities managers for large companies, mothers of young children, athletes? All of them? Then do some research into what types of publications they read and where they go to get information. Now is not the time for billboards, bus benches or other mass market advertising vehicles. To get the most from your ad dollars, focus on placements that hit your prospects directly.

“One advantage to a down market is that you can get very good deals on advertising because other companies are pulling out,” continued Schramm. It could be that you can now afford to advertise in publications that were out of reach before. It is important to note that most magazines and newspapers are willing to negotiate ad rates, especially in tough times. You never need pay what is on the rate card. It is okay to ask for a discount for multiple insertions. Conventional marketing wisdom says that a minimum of six insertions is necessary to make the impression. This is true. If you have to, three insertions could work, but never buy only one. If you only have the budget for one ad, either consider a smaller insertion and buy several or spend your money on a different marketing outreach. One insertion will never return your investment.

As with sales and marketing copy, it is wise to hire a professional to create your ads. Even at discounted prices, ad space is not inexpensive. If you are going to make the investment, go all the way for the most professional, targeted ad you can. Remember, in slow economic times, cast your net only in the direction of the most likely customer. Poorly done ads are worse for your business than no ads. Every time potential customers are exposed to your company, you have a branding opportunity. Keep your brand consistent, professional and recognizable. You don't want to appear like Crazy Gonzo selling used appliances at a discount, unless of course, you are Crazy Gonzo.

Investing in public relations can be a great way to attract business. The third party validation that you get from an article in a newspaper or magazine can go a long way in (a) letting customers know about you, and (b) providing a somewhat unbiased view of your business. The potential downside is that no one can guarantee results. You have two choices. You can hire a professional PR person with strong writing skills and contacts or you can try to do it yourself. It generally pays to hire a professional if only on a project basis. Many reporters do not like dealing directly with business owners because there is much less objectivity.

Before starting any PR outreach, it is important to have a compelling story. Having a sale is not a story, donating 50% of profit to a charity could be. Taking on a new line or making new widgets is not a story in itself. But, becoming inspired to make new widgets because of the increasing demand for widgets that dogs like, might be. Do not invest in PR unless you have a news hook. It will be a waste of time and money. Before calling that reporter or sending that press release, ask yourself why anyone would care. Yes, it's brutal. However, it's better to ask and then rework your story if necessary than spend time and money on something that will go nowhere. Consider that the Internet has made contacting editors and reporters a snap for just about anyone. As a result, they are inundated with pitches. At the same time, many printed publications are cutting staff and online publications generally have very small staffs. In order for your pitch to make it through, it needs to be relevant, compelling and interesting. The more work you do for the reporter, the easier it will be to write your story.

If you are handling your public relations yourself, it is a good idea to run your pitch or press release past someone whose opinion you trust. Find someone who will give you honest feedback. A good writer or editor would be the best. This is your big chance to get in front of a reporter. You want to make sure that you put your businesses best face forward. This means a well written, well composed pitch letter and/or press release. It should be grammatically correct, not contain misspellings, convey interesting, relevant information and be short and to the point. No editor will look past typos and poor grammar to find your news. If done properly, public relations outreach can be a very low cost way to market your business or service.

There is no doubt that a recession is hard on everyone. In business, customers become harder to get and harder to keep. Cutting back on certain expenditures is a natural and appropriate reaction, however marketing should not be on the list. Smart companies turn lemons to lemonade by employing targeted, benefits oriented marketing strategies to attract new customers and keep their existing base.

About the Author

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