

# Recession-Proof Marketing

*February 2008*

Nothing strikes fear into the hearts of businesses – and marketers – like the dreaded "R" word. Recession.

The moment the word is uttered, businesses start talking of the coming storm, how to prepare for it, and what to do when it gets here. Businesses start looking to cut costs wherever possible and marketing and advertising budgets are dramatically reduced. But is that a proven best practice?

If we are in a recession, should you cancel your marketing plans, batten down the hatches, hunker down and ride it out?

It's a question that businesses have been asking for decades.

Luckily, the research has already been done. Over the years, hundreds of studies, from the 1920s to present day, have been conducted. Every major study reaches the same conclusion: continuing with a marketing budget and plan equal to - or even greater than - pre-recession levels produces the best results.

Advertising executive Roland S. Vaile was the first to track 200 companies through the recession of 1923. He found that the biggest sales increases were rung up companies who advertised the most. After World War II, sales were plotted through the recessions that followed, as were the annual advertising expenditures. Then findings were compared with sales and profit trends before, during and after the recessions of 1949, 1954, 1958 and 1961. Almost without exception, sales and profits dropped off at companies that cut back on advertising.

Next came the recession of '74-75, and this time, studies revealed a new twist. Even after the recessions ended, companies who cut advertising continued to lag behind the ones that had maintained their advertising budgets. Next, it was McGraw Hill's turn. The research firm analyzed 600 BtoB companies covering 16 different SIC industries from 1980 through 1985. The results showed firms that maintained or increased their advertising expenditures during the 1981-1982 recession averaged significantly higher sales growth, both during the recession and for the following three years, than those that eliminated or decreased advertising. By 1985, sales of companies that were aggressive recession advertisers had risen 256% over those that didn't keep up their advertising.

The conclusion is unanimous: advertising aggressively during recessions not only increases sales but also profits.

The challenge for marketers: how to make or generate sales during a time when everyone is cutting back. For today's marketers facing the R word, here are some tips:

- Don't cut your advertising budget: increase it. Let your competition cut theirs. Then your message grows even stronger. Increased spending increases your share of voice.
- Don't waste money advertising in the wrong place to the wrong audience. Develop a strategic marketing plan that targets pre-qualified buyers in your industry. Recession or not, no organization can afford to be all things to all people.
- Keep in touch with your loyal customers. Now is a good time to develop a customer appreciation program.
- Maintain continuity to sustain awareness. Advertising works cumulatively, so remind people frequently about your brand.
- Step up public relations efforts. Be sure to maintain a media presence with smart, effective PR programs.

With competitors sitting tight and cutting their marketing budgets, an aggressive business can experience great strides during a recession – and long afterwards. So even if the “Recession of '08” never fully materializes, the important take-away is this: When times are good, advertising is crucial; when times are bad, advertising is a matter of life and death.

<http://www.mediabrain.com/mbnewsletter/recession-proof-marketing-2008-02-15.aspx>