

Tips For Advertising During A Recession

The economic outlook for 2009 appears to be the worst in recent memory. The housing market is still very slow, home foreclosures are at record highs, credit sources have dried up and banks continue to absorb millions of dollars in losses due to bad mortgages; to say the least there is widespread panic.

While it may be smart business to cut back during tough economic times the first area most companies reduce is their marketing budget in order to save money and try to keep a normal level of profitability.

A common assumption is because money is tight everywhere, customers will be spending less; and therefore, money spent on advertising will be wasted. The fact is families will continue to eat, entertain themselves and buy other goods and services.

History has proven that business success can still be had during a recession, with a sound advertising strategy. Businesses that aggressively increased media advertising expenditures during the last recession (Gust 25% of all businesses) increased their market share 2 1/2 times the average for all businesses in the post recession period (CARR Report, Aug 13 2001). More recently, Hershey's 2008 fourth quarter profit was up 51% after increasing their ad investments by 23% for fourth quarter and 26% for the year.

But it's more than simply maintaining or increasing advertising investments, you must have a sound strategy.

Here are a few tips to consider when analyzing your marketing plans for the remainder of 2009.

Examine Your Competition

In a study of U.S. recessions, McGraw-Hill Research analyzed 600 companies from 1980-1985. The results showed that companies that maintained or increased their advertising expenditures during the 1981-1982 recession averaged significantly higher 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.

It is times like these that you must keep a watchful eye on your competition. Follow the changes they make to their advertising plans. If they start to cut back or make their message more conservative, this could be a great opportunity for your company to capture a stronger market share.

The bold and savvy advertisers are the ones that look at a recession as an opportunity to increase their market share because their competition makes cut-backs.

Wisely Expand Your Reach

As many advertisers cut back on placements, this can be a great time to become more visible in a dwindling advertising landscape. Another advantage is that businesses might get better deals for premium placements where there is less of a demand.

Regardless of the approach used to take advantage of this time to expand a business's reach, advertisers must keep a watchful eye on the progress and ROI for their advertising strategies.

It's vital that advertisers measure the impact their campaigns are having and optimize according to what they find. These findings may conclude that using advertising efforts such as TV, radio, online, etc will have a clear and proven return on investment and are critical in expanding reach. Other venues such as trade shows have a hard time proving any measurable success.

Reassure the Consumer

Advertisers must gain an understanding of what impact the economy is having on their target audience, and use that information to evaluate their advertising plan from creative to the very last placement. Consumers are looking for safe, strong companies to invest in, shop with, and do business with. Tailor your message around what consumers are dealing with, but do it in a way to not remind them of the difficulties they are facing.

Creative that builds trust in consumers and makes them feel more positive about a company's commitment to its product and services will have much greater success. Also, portray strength and success during time of cutbacks.

Scrutinize your marketing budget to make sure you're not wasting money, but don't stop marketing or advertising completely. While weathering the recession is priority one for businesses, it is important to understand how not cutting back on your advertising will multiply your return when the recession ends. It will afford you to have an upper hand on your competitors that drastically cut their marketing dollars back during the tough economic times. As Henry Ford said, "A man who stops advertising to save money is like a man who stops a clock to save time."

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