



Marketing in a Down Economy

In these tough economic times, many businesses are quick to pull the plug on their marketing efforts in order to conserve cash. However, while budget cut-backs are inevitable, it is important to think strategically about your marketing strategies rather than making knee jerk cuts to your marketing budget.

Conservative budgets do not equal no spending, rather they promote smart spending. When times get tight, companies need to evaluate their market position and focus on the value of every dollar spent.

Growth and success are a result of a long-term strategy. It's appropriate to focus on cost savings when and where appropriate but also to make smart investments in key programs and staff. There is a healthy balance that must be achieved in times of economic downturn. Run your operations too lean, and you'll be unable to promote and support growth in better conditions. Overspend or invest in dead-end programs, and you'll be in the red with nothing to show for it. In the end it's all about strategy.

A recent Epsilon survey revealed that 94% of Chief Marketing Officers believe that a tough economic period is precisely the time when marketing plays a key role.

When it comes to strategic marketing investments, activities that have measurable results and ROI are a must-have. Examples of these types of activities are, online/email marketing, search engine optimization and lead-retention/nurturing programs.

Strategic Spending Ideas

There are a number of additional ways to think strategically and "spend smart" on marketing initiatives, such as:

- Use a simple rating system for every lead (hot, warm or cold) to make sure that majority of marketing dollars are spent converting "hot prospects" into sales.
- Take advantage of low-cost marketing tools such as press releases, email blasts, blogs and social networking sites.
- Network. Network. Network. When times are slow, it's time to rekindle strategic relationships with professional contacts – you never know where it might lead you.

- Make the shift from traditional print (advertising, collateral, direct mail, trade shows) to electronic programs (web banners, e-newsletters, whitepaper sponsorships, Webinars).
- Evaluate your current workload and the manpower you have to complete it. Consider the quality divided by cost as a way to measure the value of your staff and external resources. Other factors to consider include availability, turnaround time, and reliability. A downturn can be a good time to shake things up.
- Instead of spending large sums of money attracting new customers who will fall into the top of your sales funnel, focus on engaging and nurturing current customers. Frequent communication, retention and referral programs can lead to future sales and can also earn a coveted word-of-mouth recommendation to other prospects.

Take Advantage of Less Competition

Another benefit of marketing in a down economy is less noise. Reduced spending means that the competitive marketplace has grown quieter, presenting you with a golden opportunity to market your services to a captive audience. This is the time to shout your message from the rooftops and accelerate your growth while your competitors may choose to hibernate.

A study of business-to-business firms, conducted by McGraw-Hill Research, found that organizations that maintained or increased advertising expenditures during a previous recession averaged significantly higher sales growth post recession than those that eliminated or decreased their advertising. Three years later, the organizations that were aggressive during the recession were able to grow their revenue more than 2.5 times than those who cut expenses.

Use a Long Term Approach

The bottom line: there is no magic formula or cookie cutter way for achieving marketing success in a down economy. There are however, opportunities to hunker down and think strategically about how to support and grow your company into the future. After all, business is a marathon – not a sprint. There will be tragedies and triumphs along the way, but those who focus on the end-goal of growth and stability will ultimately be the winners.