

Avoiding Marketing Mistakes during a Recession

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Advertising in an Economic Down Cycle

By Creative Wonders

In an economic down cycle, is it best to batten down the hatches, hunker down and ride it out? No!

Businesses have been asking this question for decades and every major study reaches the same conclusion: continuing with a marketing budget equal or greater than pre-recession levels produces the best results.

Advertising executive **Roland S. Vaile tracked 200 companies** through the recession of 1923. He found the biggest sales increases were rung up by those who advertised the most. During the post-World War II recessions of 1949, 1954, 1958 and 1961, the companies that cut back on advertising saw the biggest declines in sales and profits. In 1974, the companies who cut advertising budgets lagged far behind the ones that maintained or increased advertising.

The research firm, **McGraw Hill analyzed 600 companies** from 1980 through 1985. Results showed firms that maintained or increased advertising expenditures during the 1981 recession averaged significantly higher sales growth, both during the recession and over the next three years as compared to those that eliminated or decreased advertising. By 1985, sales of companies that were aggressive recession advertisers rose 256% over those that cut advertising.

Harvard's studies also revealed after recessions ended, companies that cut back on advertising lagged far behind the ones that maintained their advertising budgets.

These recession studies are proof that cutting advertising in times of economic downturns can result in both immediate and long-term negative effects on sales and profits. Companies that maintain or increase their marketing and advertising efforts in times of business downturns will get the edge on their competitors. The conclusion is unanimous: advertising aggressively during recessions not only increases sales but also increases profits.

For maximum results both now and in the future, consider these timely tips:

- **Don't cut your advertising budget, increase it!** Let your competition cut theirs. Once they abandon their marketing and promotion, your message becomes far stronger and more effective.

- **Develop a strategic marketing plan** that tracks your best customers and in turn targets them in your ad placements and messages. You can't be all things to all people, but you can waste a lot of money trying.
- **Stay in close touch with your most loyal customers.** Implement marketing strategies that allow buyers to feel they are minimizing risk by doing business with you. Now's a good time to develop a customer appreciation program.
- **Focus on your business's core audience,** instead of going after more expensive new customers.
- **Maintain continuity to sustain awareness.** Advertising works cumulatively, so remind people frequently about your brand and don't deviate from your core message.
- **Step-up the public relations efforts.** Be sure to maintain a media presence with smart, effective PR programs.
- **Don't 'cheapen' your advertising by trying to save on creative or production cost!** Your customers will notice and worry about quality. This is the time to stress quality and value!

With competitors sitting tight and cutting their marketing budgets, an aggressive business can experience great strides during a recession – and long afterwards. So 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.

Simply put, don't cut your advertising budget. If you need to make cuts, do it on things that are less important. Advertising though, is a key part of your businesses infrastructure that will cripple your business if you cut it from your agenda. This Recession will end, and the courageous will be out in front leading the way.



Are You Making these 5 Business Recession Mistakes?

By Eric Brantner

Running a business during a recession can be a challenging task. Every day, you read about companies being forced to close their doors, and you might be wondering if your company is next. All of this confusion can cause you to make crucial mistakes that jeopardize the future of your company.

Here are 5 common mistakes businesses make during a recession.

1. **Panicking**- The first mistake you can make is to panic. Panicking is what leads to the rest of the mistakes on this list. My recommendation is to turn off the news every once in a while. The constant doom and gloom coming from the talking heads will cloud your judgment, making you take your eyes off your long-term goals. Don't turn your business into safe mode just because some suit on the news says so. It never fails; it's the businesses that panic and "play it safe" that end up crumbling before the recession ends.
2. **Slashing the Marketing Budget**- This might just be the biggest mistake you can make during a recession. Sure, your first instinct is to tighten the purse strings, but if you don't market, how can you expect to generate business? Instead of slashing your marketing budget, review your marketing plan to make sure it's effective. Now is actually the prime time to market your business. Your competitors are dropping out, making your advertising stand out even more. I don't want to sound cutthroat, but you need to kick them while they're down.
3. **Ignoring Weaknesses**- While it's easy to blame the economy for the failure of many businesses, the truth is a poor economy typically exposes poor business practices. It's not hard to succeed in a flourishing economy full of spend-happy consumers. As a result, a good economy tends to cover up the weaknesses of your business. So, you need to use this downtime to figure out which areas your company needs to improve upon. Of course, it can be difficult to see your faults, so it might be best to enlist the services of an outsider.

4. **Failing to Adapt-** This goes back to the last point. A lot of businesses are simply stuck in the past. Business today isn't the same as it was 20 years ago. An online presence is a must in this business climate. Don't try to save a few bucks by cutting back on technology spending. Tools like social media marketing are more important now than ever before for making your company relevant.

5. **Discounting Prices-** This isn't to say that you shouldn't cut your prices. If you have a good reason for doing so, then by all means lower your prices. However, discounting prices in the hopes of generating more sales during a recession is a critical mistake. It devalues your product or services, and it puts you in a vicious cycle of constantly lowering your prices to chase those sales. It's a lose-lose proposition.



5 Steps to Successful Marketing during a Recession

By: David Kinney

"Firings will continue until the declining morale improves..." In a difficult economic environment, many businesses respond to slowing sales with the exact same reaction: cut expenses by reducing sales and marketing efforts therefore guarantying a further decline in sales. STOP CREATING THE PROBLEM. Neither sales nor morale will improve by reacting with fear or staff reductions. Business executives should consider using these slower economic times to refine their marketing efforts and increase their sales by implementing these five common sense steps to successful marketing.

Step One: Go Back to the Basics.

During strong economic times, every marketing idea is valuable, sales are strong, and time is very limited. Resources are directed at many ideas and campaigns leaving little time to analyze the target market or the effectiveness of each marketing campaign. Now, there is more time and less resources. Use time as an investment and go back to the basics. Start by working ON your business instead of IN your business. Become a student of your business, your competitors, and your clients by asking the following questions: What is your product differentiation? What makes your company/product/service better/different than the competition? Why do your clients buy from you? Do you compete on cost, value, quality, what? This is your unique marketing advantage. Then ask: Does your company slogan, logo, web site, marketing material, and sales literature clearly identify your unique advantages? Are you developing an image and a brand? If not, (Just Do It - name that brand...) make some adjustments and improve the impact, consistency, and effectiveness of your message.

Step Two: Know Your Clients.

Most businesses struggle with handling the onslaught of a dozen different tasks that are critical and must be completed ... yesterday. At times, it's like drinking out of a fire hydrant, too many things to do, so little time. Slower economic times allow for more review and reflection. This is why it is so important to stop... look around, and understand, who is your client? What are your client demographics? Age, sex, location, needs, values, income levels, etc? What problems or challenges or needs does your product fulfill for your clients? Are your efforts targeted at your common client characteristics? Also, keep in mind the most important process in sales. Clients buy on emotion and then support their decisions with logic. Example: I just bought a brand new car. It has all of these features...and I got it for \$5,000 off the sticker price (logic). Or, I bought the car because it makes me feel: safe, secure, excited, powerful, attractive, respected, proud, happy, and (I got it on sale...) smart. People buy to fulfill emotional

needs. What emotional need is driving your clients? What emotions do your clients experience when they use your product or service? What emotions do you have when you experience your own product? Do you know? Knowing your client's demographics and knowing your client's emotional needs will help you structure and target your marketing campaign.

Step Three: Don't Ignore the Obvious.

At times, so much effort is placed on developing that next sale, closing the next deal, or promoting your newest idea that the most obvious marketing focus is missed. Ask yourself this simple question: Who is the mostly likely person who will respond to your marketing efforts and buy from you? Answer: your existing clients because they have already done it once before. Sometimes, our last client gets lost in all of the efforts to attract our next client. But think: Your existing client already believes in the value of your product or service. They know your people and your service and they perceive value in what you have to offer. Review your marketing efforts aimed at your existing clients and their referrals. Call your clients. Survey your client base on why they buy from you and how to improve your products and services. Send thank you notes and emails and product announcements and electronic newsletters to let them know you appreciate their business and to prompt them to purchase again. Clients, like you, are incredibly busy. They need help from you and they need to be reminded that they truly value your product or service. Don't waste time, money, or energy marketing to new clients if you are ignoring your existing client base.

Step Four: Develop Strategic Partnerships.

Almost all businesses are evaluating their success during this trying economic slowdown. Consider taking advantage of your common challenges by reframing them into marketing opportunities. With a renewed understanding of your clients needs, take this information and locate other complimentary businesses that service a common demographic. Offer to advertise with one another, reduce your search engine costs, offer to promote or do a trade show or send mailers together. Their clients need your services and your clients need their products. Provide your clients with packages of products that solve problems, save time, and save money. The sandwich company Togo's is opening locations that also house Baskin Robbins ice cream. Lunch and desert, together. Bridal shops and tanning spas. Limousine companies and Wedding planners. The possible combinations are endless. By joining forces, whether formally or simply on occasion, you can reduce your expenses and increase your sales.

Step Five: Stay Focused.

So many great marketing efforts go to waste because businesses simply fail to stay focused. One idea is started, money and time are invested, time and effort are expended and then results are different than expected. Some marketing efforts are stopped because positive results are not immediately visible. Other marketing efforts are forgotten before enough mistakes are made to refine the process. Marketing mistakes are very valuable. Be successful in finding a strategy that does not work. (Selling a Chevy Nova in Spanish speaking countries...Nova means "No Go" in Spanish). Other marketing efforts are postponed because they are too successful. Sales were too high and created other problems for operations or manufacturing making it difficult to handle the volume. Regardless of the reason, target your efforts, stay focused and continue your marketing campaign. By applying these sales and marketing ideas, any business can generate a renewed level of energy to focus on their successful marketing campaigns. Energy, combined with effective implementation will not only reverse the effects of an economic decline but may also significantly increase your overall sales revenue. And finally instead of reducing and firing your sales support, let it be known to your clients and competitors: "Wanted: Account Executives to Handle Increasing Sales Volume", apply within...



Executive Summary: The Cumulative Effect of Specialty Advertising - Final Report, December 2008

Sponsored By Advertising Specialty Institute

The most cost effective way to keep the company brand in front of your target audience is through the use of specialty advertising. Moreover, an economic recession is the best time to invest your marketing dollars in this valuable and diverse advertising tool. Promotional products help improve and strengthen your brand equity at a fraction of the cost of other advertising methods. As you will see from the conclusions found in this recent study, your return-on-investment is far greater when your marketing budget is spent on specialty advertising. But simply placing your logo on an item does not ensure higher sales or stronger audience appeal. You need to partner with a promotional marketing specialist who becomes an extension of your marketing team; helping to customize the right promotional product or logo apparel to fit your brand image or event marketing requirement. Their primary goal should be to help make the process easier; from concept to completed project, helping select the right product within budget while accurately managing the details and delivering measurable results. This study reveals the extensive value of specialty advertising. But keep in mind that a promotional marketing specialist can help you convert this value into maximum visibility while delivering a positive and lasting impression of your enterprise.

Background:

In June and July of 2008, a team of interviewers surveyed 465 businesspeople in New York, Chicago, Los Angeles and Philadelphia regarding promotional products they had received. The purpose of the interviews was to understand how advertising specialties influence end-users' purchasing decisions; determine the number of impressions of popular advertising specialties; and analyze the Cost Per Impression (CPI) of advertising specialties compared with other popular advertising media.

Further, during October 2008, an online panel survey was conducted among recipients of advertising specialties to augment the sample from the in-person interviews. Results have been combined in the report where appropriate. There were 213 completed Web based interviews, for a total of 618 completed surveys for this study. Respondents were asked if they had received any promotional products in the last 12 months. Most respondents were business/professional people (84%) and all were age 21 or older.

Summary of Conclusions:

- **Instant recall:** More than 8 out of 10 (84%) respondents remembered the advertisers of the promotional products they received.
- **Very impressive:** 42% of respondents had a MORE favorable impression of an advertiser after receiving the item. And nearly a quarter (24%) said they are MORE likely to do business with the advertiser on the items they receive.
- **It's all business:** Most respondents (62%) have done business with the advertiser on a promotional product after receiving the item.
- **Pens are in:** Writing instruments are the most-recalled advertising specialty items (54% of respondents recall owning them), followed by shirts, caps and bags.
- **User-friendly:** The majority (81%) of promotional products were kept because they were considered useful.
- **Staying power:** More than three-quarters of respondents have had their items for more than 6 months.
- **Bag it!:** Among wearables, bags were reported to be used most frequently with respondents indicating that they used their bags an average of 9 times per month. They also deliver the most impressions: Each bag averages 1,038 impressions per month.
- **Most impressive:** The average CPI of an advertising specialty item is \$0.004; as a result, marketers get a more favorable return on investment from advertising specialties than nearly any other popular advertising media.

The full report is available upon request.

Thank you for taking time to read this document. I hope you gathered several valuable ideas that can help you and your company weather this current economic down turn. Moreover, keep in mind that the promotional marketing specialists at Mprinted.com are here to serve your specialty advertising needs. Please take time to visit our Website at www.mprinted.com and ask for our assistance at customerservice@mprinted.com.

