



## Building Your Brand During the Recession

by Bill Abramovitz

### Key Facts

1. Advertising in a recession must be viewed as an investment in current and future profits, not a drain on resources.
2. Failure to maintain brand awareness during a recession is a threat to current and future sales.
3. Companies who suspend advertising during a recession invest much more in the future to rebuild brand awareness.

At this writing, even the most intoxicated optimists concede that the country is sliding into a recession. The “R” word sends a shiver up the spine of marketers with good reason. Businesses will close, people will lose their jobs, and our overall standard of living will suffer due to lower wages and higher prices as other countries take advantage of our weakened dollar.

The goal of this article is not to put a happy face on a recession, but to explain that it’s part of a natural and on-going economic cycle. All is not doom and gloom for marketers by any means. Although it sounds counterintuitive, we’ll explain the opportunities presented by a down market.

You must be suspicious that this advice comes from a branding agency that, on the surface, has everything to gain by propping up marketing in any economy. CSD happens to be in a unique position in this regard. We grow brands. Our business model is built on objective counsel to clients, not on commissions, or large retainers. Sorry about the plug, but we want you to understand our perspective.

When a recession hits, many companies make deep cuts in their marketing budget or forgo it all together. This creates an opening for the smaller player to achieve higher or even dominate market visibility with the same level of expenditure. Meanwhile, as recession ends, the gutsy and determined marketers have stolen awareness from their competitors who are laying low.

While purchasing of some goods and services will wane in a recession, it doesn’t mean that the consumer needs and wants have evaporated. And when the recession ends, the companies that have managed to stay top of mind win.

A number of studies show this advantage is easily sustained for two or three years. While no one wants to gloat over a recession, it’s a marketing opportunity that only comes around every six- ten years.



"In analysis of the 1990-91 recession, Penton Research Service, Coopers and Lybrand, and Business Science International, found that better performing businesses focused on a strong marketing program enabling them to solidly their customer base, take business away from less aggressive competitors and position themselves for future growth during the recovery.

"Economic downturns reward the aggressive advertiser and penalize the timid one."

-- Strategic Policy Institute

In addition, a series of studies by the research firm Meldrum & Fewsmith showed conclusively that advertising aggressively during recession increases both profits. This fact has held true for all Post World War II recessions studies by American Business Press Starting in 1949.

"If during an economic downturn, you maintain a strong advertising presence while your competitor cuts his budget, you will automatically increase your Share of Mind."

-- San Diego Executive Magazine

### Recession Marketing Myths

It's safe to reduce advertising budget if the competition reduces theirs	Research shows that companies that advertise during a recession build market share.
There are no short-term benefits to sales.	Hogwash, you'll build sales from current customers and attract new ones.
Advertising during a recession is just maintaining a brand.	True, it is, but it's also a way to become a dominant player in the market.
The brand will magically restore itself after a recession without advertising.	Oftentimes, it takes advertising campaigns four- to six-months to produce results. It will cost your company dearly to give up that momentum.

Just because we advocate maintaining or increasing spending during a recession, doesn't mean an endorsement of the status quo. It's an important time to maximize the impact of your brand by coordinating all your "weapons" and pointing them in the same direction. In addition we recommend the following.

#### Make A Recession Success Plan Now

- Focus on super serving core customers. Build loyalty through customized communication via email and your web site.
- Spend (gulp) more. There's a clear correlation between spending and increased share of voice.
- Zero in on core brand values. More than ever your company must speak with one voice.
- Use sponsorships as a way to build goodwill and awareness.



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- Do not engage in price-cutting. This will devalue your brand far into the future. Instead focus on strategies that support the value of your product or service.
- Negotiate media costs and production. While the market is soft, it's a great time to lock into long-term discounted rates.
- Introduce new product. While the noise level is down in the market, build demand for your newest offerings and steal the show.

The reasoning for advertising in a recession is solid and validated by data from many sources. As a brand advocate for your brand, we would love to see it lead to greater success for your company in 2008. Kick the bad guys while they're down and don't look back.

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**Sources:**

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