



Creating Competitive Advantage in Tough Times

At this point in my career I've managed to weather at least three significant economic downturns in the marketing and brand communications business. For the most part, the marketing industry responded pretty consistently during past downturns. Corporate marketing teams put their budgets under a microscope and usually made some painful cuts. And agencies made their case as to why companies should continue to invest in marketing, while considering how they too would need to streamline their operations. In this issue of Velocity I will explain why I believe many marketers will respond differently this time around and share some considerations that I hope will be helpful as you plan your marketing strategies over the coming months.

There is no shortage of advice on how to best manage your marketing investment during tough times. In the interest of your limited time, I thought I would boil down my observations to the ones that I think will be most meaningful to you in your day-to-day work. And there are a couple of themes that I think stand out as being most important. The first is that I would not count on your competitors making the budget cuts they typically have in the past. The second is that we should all be viewing this economic slowdown as a time to create competitive advantage. In other words, a "glass half full" perspective could generate some very positive learning and results this year, despite our economic challenges.

The following are my Top 6 marketing considerations to keep in mind while we wait for the economy to bounce back:

1. Don't Expect Competitors To Stop Marketing: or even cut back for that matter. Enough of us marketers have been through multiple economic downturns and know that retreating can be the worst strategy. Many companies recognize that their marketing programs are critical for maintaining a strong connection with their audiences and can create a competitive advantage as competitors pull back. At the same time, I don't advocate business as usual. Tough times demand that we be smart and efficient. Dedicating more budget to programs that demonstrate clear ROI makes sense. And the process of bringing more focus to your marketing efforts will likely deliver benefits well beyond this economic downturn.

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2. Stay In Touch With Your Customer: In tough times your customers are likely to spend more time researching their purchases. As a result, they may trade down, buy less, and postpone purchases. Survey your customers to understand their current issues and needs. This will keep you in tune with their shifting needs and enable you to respond appropriately. What you learn may motivate you to develop new offerings or simply find better/smarter ways to position your current products or services.

3. Leverage Customer Loyalty: Your company's most valuable asset is probably your current customers. Keeping them informed of your current activities and offerings will keep your brand top of mind and reinforce the importance you place on your relationship with them. Provide them with evidence (e.g., case studies) of your most recent accomplishments to keep their faith in your brand strong.

4. Make A Direct Connection With Your Customers: I've spent much of my career developing broad-reach advertising programs and I know firsthand the dramatic results these programs can produce. But times like these may require that we shift more funds to vehicles that make a direct connection with customers. Vehicles like e-mail, blogs, direct mail, and event marketing (e.g., trade shows) will put you in direct contact with your customers, create dialogue, and, in most cases, can be easily measured. These programs may be easier to rationalize during tough times.

5. Maintain Brand Loyalty Among Your Employees: Economic downturns can create uncertainty and distraction among employees. It's important that management reminds their employees that each of them plays an important role in maintaining business momentum and that staying focused on excellent quality and service is more important than ever. Employees need to understand that demonstrating a strong sense of loyalty for the company brand will reinforce confidence and loyalty among your customers.

6. Don't Stop Innovating: Studies have shown that increased spending on innovation during a downturn can generate substantial returns during the recovery period. The point here is that this may be the ideal time to employ new marketing strategies to not only meet the current needs of your customers, but also separate you from your competitors. Bring your best thinkers together to generate new ideas and re-visit ideas you have considered in the past. Move quickly and efficiently while your competitors may be dormant. A couple of solid new ideas could give you the edge you need to keep your momentum going.

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I truly believe that pulling back on your marketing efforts and waiting out the downturn is not a strong strategy for building your brand. In fact, times like these can be a terrific opportunity to bring more focus, efficiency, and innovation to your marketing and brand communications. The key is staying focused on making the uniqueness and value of your brand abundantly clear to your customers. Brands that are successful in staying connected with their customers during downturns will be well positioned to thrive when the economy rebounds.

For more information, please contact steph@pullthecord.com.

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