



Marketing in a Downturn: Why stepping up your marketing efforts could be the best move you make all year

In this first quarter of 2008, the economic pulse of our country is far from vigorous. Home prices are falling, energy costs are rising, and consumers and Wall Street alike are feeling the crunch of the credit squeeze.

For those in the real estate development and hospitality sectors, this might seem the perfect time to batten down the hatches, slash expenses and hold on until the economy improves. And sure, it is always wise to examine inputs and outputs to see where you can streamline your company's performance. But resist the knee-jerk temptation to reduce your marketing budget. Many marketing experts consider recessions and slowdowns to be the perfect time to boost your investment in advertising and marketing.

"I think this is an extraordinary opportunity for you," marketing guru Seth Godin declared to those in real estate in a February 2008 blog post. "Without a frenzy, without short-term competition, you can actually build assets that will pay off for the long run."

Marketing authority John Quelch of Harvard Business School said in a similar February post, "This is not the time to cut advertising...It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times."

Dell and Wal-Mart took advantage of previous recessions to aggressively pursue market share – a strategy that clearly worked. Advertising Age magazine recently noted that FedEx, iPod and People magazine were all launched during recession years.

Marketing strategies for challenging times

All successful businesses weather the natural peaks and valleys of economic cycles. To thrive in a downturn, not just survive it, you need to know how to maximize your marketing efforts and manage your efficiency. Every marketing dollar you invest should advance your business goals and either increase brand awareness, optimize return on investment or both.

Here are some actions to consider as you adapt your marketing strategies for the 2008 economic year.

First, take a look at your marketing plan. Do your goals and market analysis reflect the downturn? Are the marketing channels you are using to reach your clients working? Perhaps you're lucky enough to have a unique product that is insulated from the recent cycle toward recession. But what if you're not getting the response you need to make the sales, move the product or book room nights? In that case, consider turning your marketing attention to identifying new unique product benefits that will set you apart; or consider tapping into new markets (geographic and demographic) that might have otherwise not been targeted. There is always a solution.

How about your brand positioning? Does your brand as it is now defined continue to fulfill the needs and desires of your customers? Make sure your brand is still authentic, relevant and attractive to your desired customer segments and mindful of the challenges they face.

Next – remembering that branding is the total impression a customer develops before, during and after interacting with your product or service – improve the daily marketing touch points that occur in your business regardless of the state of the economy. For example, hoteliers can scrutinize staff actions and customer perceptions regarding reception, the grounds, the facilities and hotel rooms, restaurants and room service, and guest services.

Interactions between frontline staff and customers play a major role in defining the overall customer experience. But *Heads in Beds: Hospitality and Tourism Marketing* author Ivo Raza cautions against crafting a rigid employee operating manual to direct these contacts, saying, “Hospitality providers who embrace the fact that they cannot control every aspect of the guest interaction and instead focus on hiring people with the right attitudes and instilling in them a service culture will reap remarkable benefits.”

In recessions and downturns, value is a collective cultural concern, so focus on providing excellent value for your customers’ dollars, even if they are high net worth individuals.

Manage the efficiency of your marketing efforts by tracking your return on investment (ROI). By measuring incoming calls, website traffic, offer redemptions, reservations, sales conversions and more to gauge the effectiveness of marketing campaigns and promotions, you’ll have hard data to base future marketing and business decisions on while your competitors skate by on guesswork. You should always track ROI, but doing so is especially important during a sluggish economy.

However, keep in mind that all marketing can’t – and shouldn’t – be measured back to an immediate call to action. Measuring the impact of your marketing campaigns on your brand awareness and image is just as important as ROI, maybe more so, during a downturn. Awareness is what will build market share. When the economy quickens and fresh competitors pop up, you want your company to benefit from top of mind awareness with your target customers.

Internal marketing

If there is one message to promote to staff through your internal communications, it is to stay positive and not be swayed by the economic doom and gloom that is saturating the media these days.

There are also additional staff benefits that can arise from an industry downturn:

- **Better teamwork:** During tough times, the troops band together to fight the threat of reduced revenue. You’ll get to know your employees and marketing staff significantly better because you should be looking to maximize all talent and time to its fullest.
- **Renewed commitment:** Everyone likes to root for the underdog in sports, and business is no different. When your team has accomplished a great deal and pulled out of a difficult economic season, you’ll feel some of the deepest fulfillment from your work and the strongest appreciation for one another. Communicate with your staff frequently about your company’s game plan so they feel informed.
- **Fewer competitors:** Some of your competitors won’t survive an ongoing downturn – perhaps because they made the mistake of viewing marketing as an expense to be cut rather than a requirement for future business. Take advantage of the golden opportunities at hand to motivate your team. The journey might not be easy, but the rewards can be great.

Remember that marketing drives sales, sales do not drive marketing. If you apply this basic principle, you will be marketing more during a downturn, not less. Now you’re ready – get out there and position your team to increase your market share!

Fresh Creative is a communications and design firm that specializes in marketing real estate development and hospitality properties. We use strategic process and experience to develop comprehensive solutions that create distinctive impressions.

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For more information about Fresh Creative and how we can help you, please contact Sam Berens: sam@visitfreshcreative.com or call 850.244.5549

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