

By BRR senior Writer Mike Hodge – 18 March 2009

Brand Tactics in Tough Times

BRIAN R RICHARDS LTD LEVEL 2, 6 LEEK STREET
NEWMARKET, AUCKLAND 1023, NEW ZEALAND

PHN +64 9 520 0014 **EML** brand@brrltd.com

FAX +64 9 522 2709 **WEB** www.brrltd.com

Brand Tactics in Tough Times:

HOW TO GAIN BETTER BRAND TRACTION IN A HARSH BUSINESS ENVIRONMENT

A quick look at recent history shows economic recessions are fairly regular occurrences. Uncomfortable readjustments for us wayward, over-borrowing, rather greedy inhabitants of the developed world. Maybe not all of us, but enough to set the relentless ripple effect in motion.

Whether this current event turns into its bigger brother, a full-blown depression remains to be seen. But what is certain is that businesses who use these tough times wisely, as opposed to adopting a siege mentality, will come out the other end in a much better position.

Businesses faced with shrinking markets need to polish up their pioneering instincts and find a different way forward. Simply hunkering down until the weather clears is not a good option. For a start, this harsh weather pattern may be around for a while. More importantly, beneath these dark clouds some of your more astute competitors will be making improvements that could potentially erode your market share and place them in a far better position when the sun eventually comes out again.

The temptation for many businesses faced with limp purchasing behaviour is to reduce prices. This is a short-term strategy that rarely works and more often than not pulls down the perception of your brand. Remember, this is the brand that you have been working so hard over the years to build up. A much better strategy is to find some clever way to add value and differentiate your products or service that way. This strategy will have positive longer-term benefits for your brand.

Another common reaction to tough times is to cut the marketing spend. Again not a great idea. This is not just the plaintive cry of media sellers looking declining revenues starkly in the face. Reduced buyer interest may be shrinking the market but by maintaining your marketing spend (albeit in fresh ways that show an appreciation of the new customer dynamic) you have an opportunity to offset this by gaining a larger slice of the available market. The reality is that everybody will not follow this sage advice. Some will reduce their spend or pull the plug altogether. By keeping the marketing activity up or even increasing it you will have a head start when the better times eventuate. No-one disputes that this requires some bravery.

If it offers some comfort, McGraw Hill Research's findings in the US in 1985 showed that for aggressive businesses that had maintained or increased their advertising during the 1981/82 recession, sales had risen by 256% over those that had reduced their advertising spend during 1981/82. A further study in 2001 found aggressive advertisers in that recession had increased their market share in the post recession period 2.5 times the business average.

If you absolutely cannot afford to sustain your marketing spend, then at least take the time to think up some clever ideas. The process of innovation is often easier to manage and more cost-effective during economic downtimes. In difficult times consumers are more thoughtful, more aware and more focused on what they need. This tendency has a habit of altering their buying patterns and also creating unmet needs. For organisations that care to look, there is frequently an opportunity to launch innovative new products, build customer loyalty and even start new businesses.

ASB provided a good example recently of 'front-footing' it in a recession. Their \$1B business loan scheme is something most businesses can't stretch to but the point is that they saw a market need, sensed the mood of the country and saw an opportunity to take a jump over their banking competitors in the perception stakes. Judging by the positive exposure they gained – major TV news items, front page of the New Zealand Herald etc – they certainly achieved their PR/brand objective.

From a communication perspective there is a real opportunity to start a new dialogue with customers, strengthen those important relationships and connect at a deeper level. By showing a clear understanding of customer's current wants and providing some pleasant surprises, you will stand out from competitors who have let this facet of their business falter through inattention or reduced staffing.

Some of the brand-related areas where value can be added in down times include:

- **Brand Refreshment** – A rethink of the external expression elements of the brand to reflect the more discerning consumer base (in terms of true value, relevance and integrity). This more selective consumer trend will last beyond the recession itself.
- **New Product or Service** – For companies that care to see beyond pessimism, recessions have a history of spawning great ideas. But these product or service ideas need to be carefully branded and presented to ensure a positive uptake.
- **Brand Storytelling** – Generating a series of engaging stories from a consumer perspective that clearly demonstrate your understanding of, and empathy with, the current mind-sets of your customers.
- **Value Chain Enhancement** – This is an ideal time to look at the internal and external behaviours at every customer interface in your value chain to see where real gains can be made over your more lethargic competitors.

Any sensible business in this environment will be looking inwards to see if there are savings that can be made in the way they operate. This is an ideal time to undertake some positive re-engineering but the trick is to carefully discern which elements/costs within the business are the right ones to reduce. This requires digging below staffing levels, salaries and marketing budgets. Wherever possible involve the staff in trying to come up with cost-saving ideas.

Mention of staff raises a final point often overlooked by business owners. Absorbed in their own worries, they often fail to see the declining morale of staff. Fed a constant diet of bad news via the media regarding the country's economic plight and the spectre of unemployment, staff can feel precarious. All the more reason to get on the front foot with them and exercise their individual and collective brains on generating positive ideas to help the business through the tough times.