

Marketing in the slowdown. Time to rethink advertising strategies?

“When America sneezes, the rest of the world catches a cold.” After the recent global crisis, few would disagree. The writing was on the wall in 2007. But if it happens again, should you batten down the hatches and lie low? Or should those at the marketing helm pay out more sail and stand tall? If you belong to the vast majority of German companies that export, you’ll also want to think about how international audiences see your brand. In this issue of newstalk, we explore interesting options for German brands, and how to speak sincerely with customers during a credit crunch.

Examining the tracks of the car market.

Many lessons can be learnt from the last two years in the US car market. While the government debated bailouts, managers had to decide whether to push products more or cut back. One answer lay in the history books, summarised by McGraw-Hill research: companies that maintained or increased ad spends during the 81-82 recession enjoyed stronger growth, for anything up to 3 years.

Sadly, for many companies, increasing spending was not an option this time. It might have encouraged the perception that they were squandering (taxpayers’) money – especially when blogs were shouting “Why No One Believes GM, Ford and Chrysler Deserved Bailouts”. This “they’re all to blame” phenomenon has also been observed by the UK-based planning consultancy Brand Doctors, and captured succinctly in the term “scapegoat brands”. Given the atmosphere, some companies choose to lie low.

Focus on what really matters. english talk believes many companies have an alternative to lying low or side-stepping public criticism: shift money into other activities.

Option 1: innovate, be different. An example, quoted by About.com Marketing: Intel. In 90-91, during an economic crisis, they channelled resources into ground-breaking products, culminating in “Intel Inside”. In the Great Depression, P&G forged ahead with Ivory soap. Recently, the German media has had a love affair with “innovation”. In a crisis, it’s time to deliver.

Option 2: improve dialogue, as Harvard’s John Quelch proposes. From CEOs spending more time with customers to marketing departments conducting more research. Understand needs – and seek new opportunities. Start conversations: social media provides plenty of channels for this now. And this is an excellent way to reach out to audiences outside Germany without breaking the bank. Or as business authors Ang and Leong suggest: act as an advisor and provide assurance through rational appeal.

Option 3: push print and PR – low-cost quick fixes suggested by marketing guru Kotler. Print comes across as more credible. And money spent below the line, encouraging journalists to create a story for you, can go a long way. One business described by Kotler grew sales by channelling all its efforts into press releases, and nothing more – a simple solution when credit is tight. Now’s the time to play up German brand pedigrees and established values such as exemplary craftsmanship.

Long-term priorities take precedence.

When you’ve worked hard to earn the attention and loyalty of domestic and foreign customers, it’s important to maintain momentum. Why? Because recessions pass, and your brand needs to remain relevant. So even if you reduce ad spends, there are effective ways to keep communication channels open.