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Navigating a Recession
with Effective Marketing



Navigating a Recession with Effective Marketing

What brands can do to stay ahead in the face of an economic downturn.

Amidst the onset of COVID-19, the U.S. experienced a brief recession in April 2020 followed by economic growth in many industries. In 2022, the economy has slowed down due to inflation, rising interest rates, ongoing supply chain disruptions, and the war in Ukraine. These and other factors are leading many to wonder if we're in another recession. Or if not, are we headed for one?

So, how does an economic downturn affect marketing and advertising? And more importantly...what can marketers do to stay ahead in the face of a recession?

What is a Recession?

According to the **National Bureau of Economic Research**, recession is defined as “a significant decline in economic activity spread across the economy, lasting more than a few months or quarters.” Some recessions, as the Great Recession of 2008, last longer and have a much greater impact on the economy. In the aftermath of the 2008 recession, ad spending in the US dropped by 13% as businesses lost confidence in the economy.

How Does a Recession Affect Marketing?

Lack of consumer confidence is the direct impact of a recession. During a financial downturn, an individual's available earnings and discretionary income changes. Consequently, this modifies the way consumers shop and make purchasing

decisions. Buyers are more cautious about their purchasing habits, expenditures, and investments. Luxurious, more expensive purchases are postponed or replaced with practical, budgeted selections.

For businesses, the pressure for proven returns on marketing expenses will increase. Advertising and marketing efforts need to be more focused than before. Furthermore, value-based marketing will become more important as marketers need to address a lack of consumer confidence.

Many businesses will shift from 'growth at all cost' marketing to 'show me the ROI'. In times of recession, brands will be challenged, and their marketing efforts must adapt to the tide of economic change.

How to Market Effectively During a Recession

A recession can be a hard time for businesses and marketing...but really, it doesn't have to be! Businesses can thrive in an economic downturn by utilizing a few effective marketing strategies...

Increase ad spending

Many companies will reduce spending in recessions in order to save money, especially on marketing and advertising. As a business, avoid this tendency. Historically, companies that bounce back strongly in recessions don't cut their ad spending – in fact, they increase it.

If all of your competitors are cutting their budgets, and your business is fine-tuning its marketing efforts, then your business could take a larger market share by being more aggressive. You can purchase more ad space with the same budget. When competitors slash their budget, consumers will be less likely to see their marketing efforts and instead will see your company's presence more frequently.

You can increase your digital advertising, social media, and **paid search** capabilities. Paid search is an effective way to help grow your business and convert new customers...even during adverse economic times. Digital advertising and social media can help you expand your brand's awareness within your targeted audience.

Make marketing campaigns more targeted

You always want to target the right audience with your marketing and advertising. But during an economic downturn (when every penny counts), highly targeted marketing is incredibly important. In fact, you may need to change your targeting so that you're communicating with a select group within your audience, or perhaps even a new niche that has emerged.

Optimize your email marketing to attract the right audience and get a higher ROI on your marketing efforts. Also, send emails when you know it brings maximum value to you and your audience. Make your emails dynamic, rewarding, and personal.

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During this time, it's important to market to existing customers. The costs of driving sales from current customers is much lower than the costs of attracting new ones. Catering to existing customers will help reduce spending without slashing the marketing budget. This will prove advantageous for your business during an economic downturn...and beyond.

Move to value-based marketing

As we mentioned earlier, value-based marketing may counter a lack of consumer confidence. With value-based marketing, companies sell a product or service based on the values it can deliver for their customer. Seems obvious, but in a recession, it becomes much more significant. With this strategy, it's key to understand your customer and communicate how your product can fulfill their fundamental needs.

Analyze past (and current) metrics

Performance metrics can indicate whether your business is meeting its goals. These metrics can help improve strategy and can be early indicators if business projections are off course. Tracking performance metrics is even more important during a recession. The combination of past and current data will allow businesses to invest marketing dollars in areas proven to work and help determine if those areas still work today.

Provide meaningful content

Marketing content during a recession should reflect the challenges that consumers face every day. Consumers want to see brands show solidarity and empathy. It's important that your brand conveys a positive message—one that's in tune with the mood of your audience. Messaging should encourage and empower people, helping to build a strong emotional bond with your customer. Successful brand advertising during a recession shows consumers how a company cares about them as people – not just a market.

In 2020, Coca-Cola used its advertising budget to showcase the work of frontline workers. The campaign was emotional, human, and reinforced the idea that Coca Cola is there for their customers – in good times and bad.

Targeted and value-based marketing campaigns and other strategies provide a cost-effective way of maintaining your brand exposure during a recession.

The Bottomline

It can be tempting to cut your marketing budget in hard economic times. But research (and history) shows that businesses who increase marketing spending can make huge gains during economic downturns. Targeted and value-based marketing campaigns and other strategies provide a cost-effective way of maintaining your brand exposure during a recession.

Yes, the words “market downturn” can be unsettling for most marketers. But this could be a huge opportunity for business growth. Companies just need to be strategic, proactive, informed, empathetic, and move forward without fear.

Need help optimizing your marketing during the recession?

Let's connect.

Redefining Possible.

We are a progressive full-service digital agency,
growing brands in today's connected world.



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