

Advertising in a Down Economy

Strategies for Challenging Times

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Finances are tight, personally and professionally, and budget cuts and uncertainty abound. We hear reports of increasing unemployment and decreasing consumer confidence. And, if you own or operate a business, you are likely keenly aware of tight credit markets and the increased importance of effective financial management.

But let's face it, the circle of life inherently includes ups and downs, challenges and accomplishments, joy and pain. History teaches the cyclical nature of economies, cultures, and nationalities.

In the current environment, you may be tempted to discontinue the so-called superfluous activities of advertising and marketing in an effort to rein in spending and save money. But will reducing those activities really pay off in the long run?

Advertising in a Recession

For some, the inclination is to cut advertising during tough economic times. However, it may surprise you to know, as reported by the *Harvard Business Review*, that companies that advertise the most during recessions have the biggest sales increases.

A classic example is the story of Kellogg's and Post cereals. During the Great Depression of the 1930s, Kellogg's increased its advertising effort; Post pulled back. Guess which brand dominated the market for the next fifty years? That's right, Kellogg's did.

A more recent example is that provided by Stanley Tools. Stanley hit advertising hard during the 1974 recession. The company gained valuable market share and grew at twice the rate of their competitors every year thereafter.

It stands to reason that in a scarce environment, those who still play the



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advertising game will benefit from even greater exposure and awareness.

Try Something New

Beyond traditional advertising, companies should look for smart ways to grow. The 80/20 rule applies: Look for the 20% of your business that generates 80% of your revenue. Focus on it. Concentrate on the tools that allow you to best reach that segment of your business.

Necessity is the mother of invention. If you're looking to raise money or cut expenses, seek for new and creative ways to do it. Consider new ways of doing old business. Perhaps technology can help you streamline processes and save money.

Don't limit yourself to the tried and true. Do look to innovation, to new processes and procedures. Learn about social media tools like Facebook and Twitter, which cost very little compared with traditional advertising placement. Work to create participation and engagement from your target audiences.

Your Unique Selling Proposition

A fundamental tenant of marketing is: Understand your unique selling proposition (USP). What makes you different from your competitors? Are you the best, the most popular, the highest quality, the fastest, the first, the most efficient? What is it that sets you apart?

Once you clearly understand your USP, perform a strengths, weaknesses, opportunities, and threats analysis (SWOT). This should at least give you a starting point for developing a plan of action. If you don't know what a SWOT analysis is, do an Internet search and read up.

Turn your challenges into opportunities. Now's the time for companies to recruit talented employees who have the necessary knowledge, skills, and abilities to help take your company to new heights.

Personal Relationships Count

Do you know that CEOs and official company spokespeople carry the least weight with consumers? They'll

trust the recommendations of friends any day over that of those who work for "the man." This is why social media is so effective at persuasion (i.e., getting someone to purchase your product), because it's based on social networks and what you learn from your friends.

A recent story on NPR profiled an organic dairy farmer in New York, committed to growing his business even in tough economic times. He's turning to his customers for help. After being denied a loan by financial institutions, he has structured an investment offering with a promised 6% return for those willing to help him fund the \$700,000 development of a dairy processing plant on his farm.

The plant will provide him with control and allow him to quickly produce more milk and dairy products, benefiting from increased product sales. In the radio interview, a loyal organic milk customer reported he was more inclined to loan money to a hard-working dairy farmer, someone he knew personally and saw weekly, than to invest in the stock market.

Although newscasts are full of dire predictions for the state of the economy, let's not allow negative reporting to affect our outlook. If there ever was a time when Las Vegas and America needed to rely on ingenuity, it is now! Just like previous recessions, we will emerge stronger and more resilient, and hopefully, even grateful for the experience. LV

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