

Recession-ready success strategies

A Direct Choice Perspective

7 strategies for survival right now

In these tough economic times, it's a temptation for some marketers to freeze their marcom activities, awaiting better news or better times. It begs the question: should marketers—such as those in the hard-hit banking industry, for example—significantly change their strategies during a recession? Does pulling back make sense? Or can a recession create opportunity for smart marketers to grow and thrive?

No question the economy is in terrible flux. Bailouts, exorbitant energy and food costs, a huge dip in discretionary spending, and the weakening dollar all add up to little good news for consumers and industry alike. Not surprisingly, according to [How I Spent My Stimulus](#), the \$152 billion stimulus package went primarily to reduce consumer debt or to pay for higher gas and food costs, instead of boosting consumer spending.

Conversely, the beat goes on in terms of companies' needs to remain in front of their consumers, both B2C and B2B. Few marketers can afford to take a "message break" and allow competitors to gain an edge in share of mind. The traditional wisdom used to be that in a recession, advertising and marketing drop off. A study by the research firm Veronis Suhler Stevenson shows that U.S. advertising dropped 9% in the 2001 recession while Internet advertising fell by 27%.

The truth is, what falls to the axe in a recession—and this does make sense—is branding and other forms of "push" marketing, i.e. traditional non-measured advertising. Frankly, interruption-based mass advertising that simply shouts your message to prospects becomes hard to justify from a return-on-investment perspective, with spiraling costs-to-acquire and low conversion rates. In its place smart marketers will see increased growth in measurable and relationship-based strategies such as customer relationship building, database marketing, search marketing, email marketing, lead nurturing, and online communities.

Marketers looking for reassurance that direct marketing is their best bet need only to look at the last six recessionary cycles: recently investment bank Cowen and Company looked at the six recessions since 1950 and found that spending on direct marketing actually grew during those downturns.

With that in mind, it's not simply a question of shifting advertising budgets over into the direct marketing column. It's more a matter of changing the way you look at marketing, advertising and sales within your organization (see #6 below, especially). Smart survivors of the new times will follow **seven key strategies** to maximize their investments and actually come out on top when the economic pendulum swings to the other side:

1. **Turn your marketing investments into revenue.** In the reduced marketing environment, there will be less competition overall. One study of U.S. recessions found that business-to-business firms that maintained or increased advertising expenditures during the 1981-1982 recession averaged significantly higher sales growth than those that eliminated or decreased advertising. In fact, by 1985 companies that were aggressive recession advertisers grew their revenue over 2.5X faster than those that reduced their messaging. In other words—don't cut back, change your strategies instead.
2. **Use lead management to maximize the value of each lead.** Companies that can do a better job of managing leads will be in the best position to thrive. Prospects are valuable assets that you worked hard to acquire. In a recession, risk-averse buyers take even longer than normal to research potential purchases. For example, when you first identify a new prospect in the B2B sector, they are likely still in the awareness or research stage and are not yet ready to buy. Instead of the same old high-pressure drive to make a sale, implement lead scoring to identify leads who are highly engaged. Then, nurture leads to develop relationships with those qualified who are not yet ready to engage with sales. Without these capabilities, as many as 95% of qualified prospects who are not yet sales-ready never end up turning into a sales opportunity. Implementing even a simple automated lead nurturing program can yield a four-fold improvement in the conversion of qualified prospects into sales opportunities over time. That's a dramatic improvement of marketing return on investment!
3. **Focus on customers.** In a recession, you may have less money to spend on acquiring new customers. Keeping and growing the relationships you have can make the difference between hanging on and thriving. After all—dollars are dollars; whether they're coming from new customers or old is irrelevant to the bottom line. In fact, it's much less costly to invest in existing customer growth than new customer acquisition. The activities to invest in: best customer database development; relationship marketing to best and better customers; growth (cross-sell and up-sell) programs; tiered investment strategies for each customer group; lead-nurturing campaigns to non-customer leads in your database; and best-customer modeling to enable smarter and more cost-effective lead generation activities in place of mass-market advertising.
4. **Implement strong calls-to-action.** When times are tough, it's more important than ever to track every prospect and customer action you can. Improving customer service phone lines, implementing campaign-specific response channels, enriching BRCs, and building and maintaining specific landing pages for data capture are all minimal but wise investments. In the case of the landing pages—instead of sending prospects and customers to your website for an untracked journey through your site—a dedicated landing page is the single most effective way to turn a click into a prospect. In fact, a relevant landing page can easily double conversions versus sending clicks to the home

page, and testing your pages can increase conversions by another 48% or more. Together, these tactics alone can result in 2.5X more leads for every dollar you spend, something that's sure to look good in tough times. Most companies are under-utilizing this technique: just 44% of clicks for B2B companies are directed to the home page, not a special landing page, and of B2B companies that use landing pages, 62% have six or fewer total pages.

5. **Stress credibility to overcome buyer angst.** Typically, recession buyers are risk-adverse buyers, which may lead to a tendency to go with the other guy. Tactically, this means including customer references, testimonials, reviews, expert opinions, awards, and other validations as part of your marketing message. Methods that appeal to mainstream pragmatists include industry-specific marketing tactics and solutions, vertical customer references and relevant partnerships and alliances. Tactically speaking, make sure your direct marketing materials speak to credibility and are designed to help make sales, instead of simply another branded communication.

6. **Align sales and marketing.** The old days of silos and poor communication between the two departments must end. Both groups need to work together to achieve business goals. In many organizations, executives think that Sales delivers revenue and Marketing is a cost center. Marketers are partly to blame for part of this mindset, with use of metrics such as "cost per lead" we frame the discussion in terms of costs, not in terms of impact on revenue. In this environment, marketing investments must be justified with a rigorous business case and should be amortized over a longer period or across company areas. Marketing must also increase accountability by demonstrating the impact of each marketing activity on pipeline and revenue. Consider a master plan that assigns responsibilities and governs work structures. Partner with direct marketing pros who are no stranger to generating impact reports to help you prove the return on investment you're generating.

7. **Use dynamic, credible creative and customized messaging.** When the going gets tough, the tough get smart about how their messages are conveyed. In a recession, many buyers in both B2C and B2B markets want you to demonstrate you're serious and can help them. Depending on the vertical market you're approaching, use available research, test varying approaches before you invest, and be sensitive to the environments you're marketing into. There is no one-size-fits-all, so for best results employ as much prospect- or customer-specific data as you have to speak relevantly to each target. And don't be afraid to be breakthrough in your approach; in a recession—the same as at any other time—great ideas are always a great idea.



Bottom line—and it is, after all, about the bottom line—an economic downturn creates opportunity to accelerate growth faster than your competitors. This means it may be the best time to step it up, instead of slow it down. Just be smart about every dollar spent, and demand accountability from your partnerships. What you do now can put you in a desirable position for category leadership when things eventually settle down—and they always do.