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Surviving an Economic Downturn

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Times are tough for most business owners this year. What began as a sluggish year has accelerated into a freefall, downward spiral across markets. Labor strikes, housing market declines, a credit crisis and our nation's financial system teetering on a faultline of uncertainty have marred the first three quarters of 2008. The impacts have intensified to drag down other sectors of the economy, along with signs of economic hemorrhaging at the local community level.

Aside from the residential rental market, which has seen demand surge as more families are displaced from their homes, most businesses from the small neighborhood store to the large, mega corporations have seen demand fall as customers shy away from purchases large and small.

Most businesses have witnessed slow sales, financial woes and customer fears that have driven 2008 performance. Options seem limited to continuing business as is but tweak performance, hunker down, or close your doors. For companies that have access to cash and capital, this may be a time to grow by expanding products and markets or buying a struggling competitor.

Economic forecasts for the next three months and beyond are as dreary as a wet, winter day. Businesses who plan to stay in business should examine their marketing strategy with an eye to adjusting and reinventing their marketing plan to work in this troubled economy. The worse thing a business can do is stop marketing altogether. Without marketing how will your customers know you are still in business?

Whatever you plan to do, do it now. While small business is considered the heart and soul of the American economy, large firms also play a critical role in this nation's eventual recovery. Business growth across all platforms and in various sectors means more jobs created, which will spur economic activity.

Customers and Competition

Marketing is always driven by two things: customers and competition. Know who your customers are and talk with them. The reality is that in an economic downturn your customer's needs are changing. Determine how they feel about your product or service and then develop strategies as to how your business might accommodate their changing situation.

Just as important, know what your competition is doing. The rivalry among sellers trying to increase profits, market share, and sales volume is typically achieved by varying the elements of the marketing mix: price, product, distribution, and promotion. Competition results in businesses vying for customers by pursuing a differential advantage, such as changing to better meet consumer wants and needs.

Conduct a competitive analysis to examine factors designed to answer the question, “How well is my business doing compared to competitors?” The analysis goes beyond sales and profit figures to include assessing where a company is positioned on such factors as price, product, technical capabilities, quality, customer service, delivery, and other important factors as compared to major competitors.

What Is Your Message?

Today’s consumer is bombarded with thousands of messages per day. How will yours stand out? First, start with a unique selling proposition – what makes your product or service different than your competitors? There may be truly innovative distinctions that make your product or service superior but if your business proposition doesn’t resonate with customers, then it’s not a strategic advantage. Also, be prepared to back it up. FedEx’s proposition “when it absolutely, positively needs to be there” wouldn’t work if the company didn’t back it up with express delivery that meets customers’ expectations for reliability. Propositions are more than a slogan; they are promises to consumers that differentiate a business’s products and services from the competition.

Your message should include features and benefits of your product or service. It may address perception versus reality. Using creative license in your advertising is acceptable but only within reasonable limits. Always use common sense. If you have someone who can speak to your product, such as a celebrity or high profile figure, you can use their endorsement to convey your message. Above all else, your message must explain, connect and resonate with your audience.

Marketing Strategy

Your brand is one of the greatest assets within your marketing mix. Similar to your message, your brand must set you apart from others in the marketplace through differentiation, relevance and understanding. But that distinction must have meaning for your target audience. It won’t matter how distinctive your product or service might be if it doesn’t have relevance or is not easily understood.

A brand should tell your business’ story. Copy lines should be easy to understand and consistent, and the logo needs to speak to your business. Keep it simple as a general rule.

It’s important to know what your marketing budget is and follow it. Don’t over commit resources, but expend marketing dollars wisely. Marketing doesn’t necessarily equate to large budgets that may be difficult for businesses to support during tough economic times. It does, however, require that a business be smart with their marketing dollars and pursue those channels that reach their target audience and yield the highest return on investment.

There’s an expression: “Fish where the fish are biting.” Know who your customers are and how they receive their information. If your customers search online for products and services, then advertising in the phone book, which may have been successful 20 years ago, may have little effect today. If your demographic reads a newspaper everyday, then that’s where a certain amount of advertising dollars should be allocated. Critical evaluation and allocation of existing budgets and understanding your customer and competition is critical.

GTWO: Get the Word Out

Once you understand who your customer is and how they get their information, determine ways to effectively reach them. Most business owners understand traditional media sources: flyers, direct mail, radio, television, newspapers, magazines and cable. It's a brave new world when it comes to non-traditional, new media channels: Internet advertising, pay-per-click, viral communities and search engine marketing. It is important that you know what you're getting into before you enter this arena.

Viral marketing has received a lot of attention lately and rightfully so. Getting your best customers or others you've partnered with to talk about you through referrals or word-of-mouth is powerful communication. Depending upon your business, sampling or influential seeding can create notoriety for your business and garner some well-placed media coverage. This should not be considered a give-away, but rather a marketing expense that can be properly leveraged.

Creating strategic alliances, sponsorships and partnerships with complementary businesses and organizations can help turn others into ambassadors for your business. Consider it the same as you would an outside sales team entrenched in circles outside your typical area of reach and influence.

And finally, there's no more important tool than publicity for getting the word out. Public relations, in its simplest terms, involves getting someone other than yourself to talk about you. It encompasses and includes the practices of traditional and new media, viral marketing, experiential, sampling, strategic alliances, endorsements, events, and more. Arguably, a public relations campaign is perhaps the most cost effective, powerful message tool a business can utilize and one that yields the highest return on investment, although measurement can be difficult.

Importance of Publicity

In the realm of public relations there are many things businesses can do to get their name out there, while building reputational capital. For example, give a talk to a business group or group of potential customers or referral sources; offer a free seminar offering advice to potential customers; reinforce your marketing message by sending it out via a variety of communication channels so that target audiences are not always getting the same thing.

Use slow time wisely by taking a fresh look at your website and marketing collateral and make necessary changes. Regularly send out press releases to get your name in front of the media and leverage published articles by posting on your website and mailing them out. If you don't have time or feel comfortable writing press releases, articles or website content, Point of View Communications or other professional agency can assist. When hiring an outside agency, always ask for references and credentials to make sure you're getting the most experienced team to meet your needs.

The importance of strategy and careful planning to make sure scarce resources are used wisely cannot be overstated. During slow economic times it's especially critical to engage in marketing and PR efforts to differentiate yourself and keep your company top-of-mind. If you need help with individual tactics or a comprehensive marketing strategy, seek advice and counsel from a qualified professional.

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