

# A crisis too good to waste



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**Tired of all the doom and gloom? Bored with being told that things are going to get worse before they get better? Fed up with fending off bean counters intent on eating into what's left of your marketing budget?**

We all are, but here's the thing: there's nothing quite like a good crisis to ensure the long term success of a brand; to challenge negative perceptions; to reposition and to innovate. Crises represent wonderful opportunities to act smarter and end up with more bangs for your buck. And to shape your long term success as a marketer.

Heroes are made in dynamic times. When times are particularly good or particularly bad – and they don't get much worse than they are now – marketing legends are made and outstanding performances forge stellar career paths. In a recession marketers can either be heroes or zeroes.

The most common mistake businesses make in this environment is that they tend to concentrate on tactical marketing rather than brand marketing. They see the immedi-

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ate threat and seek to market themselves out of it using tactical activity, often focussed on price. The pressure exerted on marketers to cease brand marketing, and therefore brand building activity, in favour of shifting volume is immense and few are able to withstand it.

Marketing budgets are often the first casualties in recession. First the ad budget gets slashed and what's left is channelled into short term tactical work. The quality of communication drops and, as companies across the board do this, there are an awful lot of brands shouting "buy me, me, me" all using very similar language and execution. That amounts to a lot of white noise for consumers and not a lot of compelling, engaging advertising.

The tactical drive then continues relentlessly

through the marketing disciplines and before you can say buy one get one free, supermarket shelves are groaning under the weight of brands on promotion shouting buy me. Undoubtedly retailers want brands that create a lot of shelf noise, but if everyone is saying the same thing it becomes a drone not a consumer motivator.

By giving in to the admittedly enormous pressure to compete, marketers are taking a terrible risk. Ensuring the short term performance of a brand can threaten its long term survival. Economic downturns result in rationalisation. In 1901 there were some 4,000 car manufacturers in the US; by the 1920s there were six. If this recession is as deep and as dark as some commentators would have it, there will be a substantive shake out across FMCG. There are currently over 300 brands

of breakfast cereal on the market; imagine a world where there are half a dozen. Now imagine that yours isn't one of them.

There are other ways of playing it for FMCG brands. One is to be much more focussed on distribution channels – to go through your brands and channels to see which offer the best returns. In good times brand owners spilt spend across all channels. In tough times you either spend less in the same way or spend less in a different way. Marketing is all about sacrifice. And focus. If you can't do point of sale in every outlet, you do it in key outlets in key cities so you do less better by focussing spend where you derive the biggest benefits. The danger is losing awareness levels in those areas you pull spend from. The risk is in how much it costs to build it back up when the crisis is over.

For some it is possible to spend a little less and get a whole lot more. If a company has the courage to continue spending on brand building activity at a reasonable level, it stands to reason that it will stand out far more against the rump of its competitors who are going down the tactical route. Media costs inevitably fall and it is a great time for hard-nosed negotiation.

Singapore Airlines is famous for investing in marketing counter-cyclically. When times are good it invests minimally. When times are bad it is everywhere and while its competitors communicate offers, it communicates brand. It talks about service delivery and experience. And it ends up with a huge share of voice, massive awareness and it comes out of the downturn way ahead of its competi-

tors.

Brands, such as Hovis and Heinz have been swift off the mark with heavyweight advertising campaigns that will, no doubt, prove to be an excellent investment in their future performance. Both are using nostalgic campaigns that remind consumers of the brands' heritage as well as harking back to safer, more comfortable times – the good old days that consumers are very willing to idealise. Retailers are also in on the act with Sainsbury's and Marks & Spencer celebrating their 140th and 125th anniversaries with big budget pushes.

History shows that every extra pound invested in marketing will be money well spent.

A McKinsey study of 1,000 companies during economic recessions during 1982 and 1999 concluded that the best performing firms increased their marketing and advertising spend not just relative to competitors but in relation to their own spending in better times. A study of business to business markets by McGraw-Hill looked at the performance of 600 companies between 1980 and 1985 and showed that those that had maintained or increased spend averaged significantly higher sales growth during the 1982-82 recession and for three years after it.

The battle between Nike and Reebok in the late 80s and early 90s illustrates the point perfectly. The latter had shown remarkable growth during 1981 and 1987, increasingly sales from US\$1.5m to US\$1.4bn. Come the 1990 recession and it took a guarded approach to marketing, while Nike tripled its marketing spend, and strengthened its brand.



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Reebok lost market share and saw its profits drop. Nike on the other hand saw sales soar to US\$3bn in 1991 and profits increase ninefold relative to its pre-recession performance.

The good news is that bad times played courageously can offer the opportunity to cement your relationship with existing consumers and get new ones to evaluate or re-evaluate their perceptions of your brand, as the Nike example shows.

When feeling the pinch, consumers evaluate their purchases more carefully and are influenced by the brands that keep themselves most top of mind. People are experiencing a huge loss of power, thanks to fears over global recession, job insecurity, property values crashing and limited access to credit – so are exerting greater control over the few areas they retain some kind of influence with one of the main ones being what they choose and choose not to buy. People are more observant in store; they pause for longer and look harder. Generally they are looking for better value and greater functionality. A crisis such as this offers an environment where the norms are no longer the norm – the best time to innovate is when there is a high degree of disruption and change. So it is an ideal time to reposition to take advantage of

the more considered nature of purchasing. Format innovation is a very useful tool. People become much more open to new things, such as new pack formats and new delivery systems. All those that can should go down the refill route – it saves manufacturers and consumers money and is in keeping with recession thinking and with sustainability. Now is a great time for the cosmetics industry to strip away packaging to reduce waste and cost. In good times, the more packaging, the better. Now is the time to pare it all back to as little as possible. Brands with the courage to do so will stand out by a mile.

Fortune favours the brave and never more so than in marketing and in tough times. Those that go the “easy” route of living for today's volume and letting tomorrow take care of itself will have to repair the equity damage done by tactical marketing and try to rebuild their reputations. They will have to spend vast amounts of time and money to catch up and history suggests that they never quite will. Nor will their careers. Those that are willing and able to fight hard for brand building are fighting smart for career building. Those that win that battle will win a very personal war.