



SALES & MARKETING IN A RECESSION





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The Myth: In a recession people buy on price

The Reality: In a recession people buy on confidence

Here's why...

You wake up one morning with a feeling in the pit of your stomach. Fear. Not about anything specific, just a pervasive anxiety about the day ahead. The feeling follows you through the day, then about 3 o'clock you have to make a purchasing decision.

What do you do? The majority of people faced with this dilemma will neither buy nor pull out. They will consult with their colleagues and the thought process they go through can teach us a lot about what to do with sales and marketing in a recession.

Even before the economic effects of a downturn make their presence felt, the psychological effects have already taken hold.

The fear and anxiety felt by individuals and businesses have an immediate and direct effect on behaviour.

In commodity markets this creates extreme pressures on price but in higher value markets it can have the opposite effect as businesses become more risk averse, make more group-based purchasing decisions and value safety above price.

This is backed up by research conducted by Neil Rackham who found that during the last recession IBM were paid 12% more for equivalent products than they received in an easier climate.

Hard times can also become good times if you buck the prevailing mood. In the Great Depression Kellogg's increased their marketing spend and achieved substantial growth using Tony the Tiger and his 'They're GREAT!' catchphrase.

This up-beat message resonated with consumers who latched onto a brand that was selling optimism. The psychology of this is simple: when you're scared you want to feel safe and when you feel anxious you want to deal with people who make you feel good. So in a recession it is more important than ever to go to the marketplace with confidence.

For small businesses this will not mean going for rapid growth like Kellogg's but it will be mean adopting their attitude and taking that attitude into those customers who will most readily see you as a safe pair of hands: your existing customers, warm prospects and verticals and markets where you have a strong reputation. With market share becoming increasingly more costly to acquire, getting a bigger share of each of your existing customers, actively seeking referrals from them and leveraging market sectors where you have a strong presence, should become the main focus of your sales and marketing strategy.

For more information on the services Cognition offers,
call **01926 330800**, or email us at marketing@cognitiongroup.co.uk.





These customer groups know you, they trust you and they feel safe with you. They also feel good dealing with you. That's all well and good, you say. But what do I do?

The answer is simple. Spread your marketing risk by doing five things:

1. Decide what return you want on marketing investment
2. Use as many channels as you can to get that return, especially digital marketing, PR and direct marketing to your key target groups
3. Avoid the most wasteful types of marketing
(e.g. expensive advertising on TV and radio)
4. Keep in constant touch with your existing customers
5. Measure everything you do

Do this and you'll emerge from the recession stronger than you were when you went into it.

