

# Happy New Year 09

## Sales & Marketing in a Recession

**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. 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.**

### Got any comments?

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Centor Architectural, the world-renowned innovator and manufacturer of hardware systems for bi-fold windows and doors has appointed Cognition as its UK PR company. A market leader in its field, Centor has pioneered research and development in innovative architectural solutions for connecting interior and exterior space. [MORE>](#)

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### TOP TIPS: PR

- Make sure the agency has the right chemistry for you. Compare personalities of your firm to the agency – is there a match?
- Make sure the agency is kept in the loop from a strategic level at the planning stage – they can add invaluable expertise.
- Make sure the agency has the full co-operation of your staff – you will get much better results.
- Make sure the agency is open and up front. Ask for a list of active clients with numbers and contacts and quiz them on whether they are happy.
- Make sure there are no hidden costs. Ensure the agency is up front about the cost to you and gives you a clear charging structure.
- Make sure you find out who is actually working on your account on a day-to-day basis – a senior person, not just a figurehead.
- Make sure the agency has a good track record of credible and current coverage – ask to see it.
- Make sure the agency really wants your business. Find someone who gets truly excited about working with you.