

Driving effective marketing in a recession

Top five tips



Challenging times

In our earlier white paper 'Marketing Success in a Slowdown' we explored trends and speculation about a downturn in the UK economy and its implications for marketers. Since then this speculation has turned into a harsh reality with marketing budgets slashed by their largest amount in the past decade. The Bellwether report (Oct 2008) also reported that even internet budgets – that until now had shown consistent and robust growth – have also come under pressure as investment in these levelled off in the last quarter.

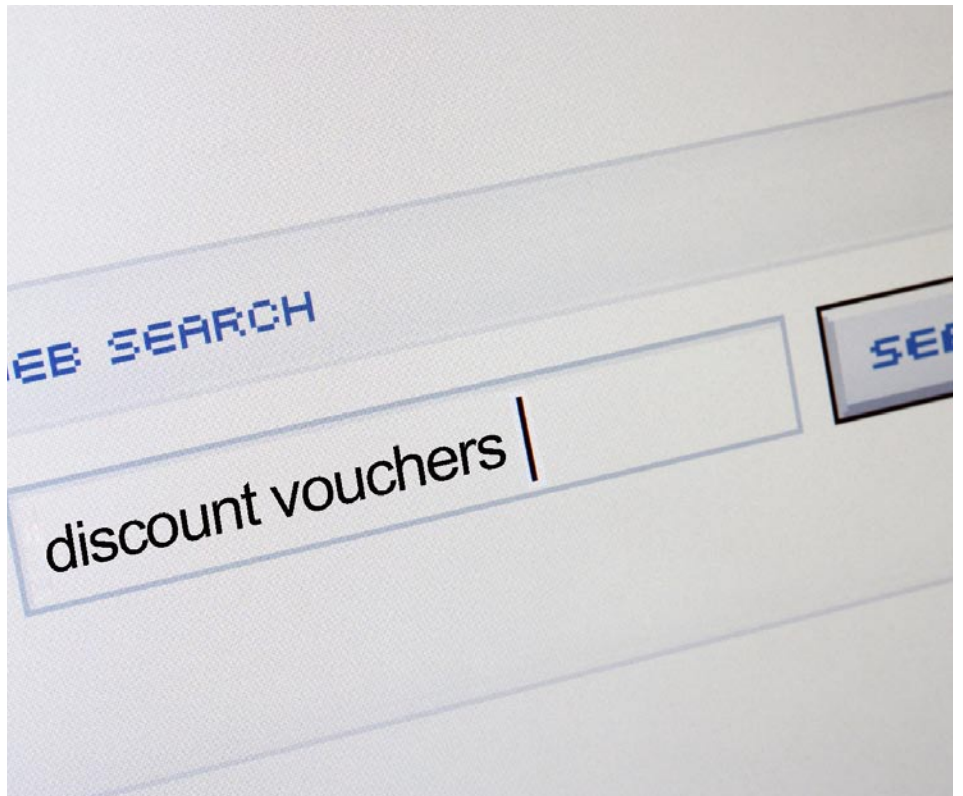
Companies are having a crisis of confidence in the state of the economy and consumer demand; main media advertising took the brunt of this recent cut back. This isn't new news nor is it the only feature of this recession; customer

buying behaviour has changed. Consumer empowerment, which has developed through the use of the internet and search in particular, has evolved into greater caution and control during the recession.

Consumers want and expect more information before they make purchase decisions; they are more likely to use comparison sites and seek peer reviews; many are trading down or seeking out offers.

Customers will be seeking value for money more than ever and will retreat into their comfort zones of recognised brands and those who deliver excellent service. Customers are looking out for brands who actively engage with them with relevant messages and offers that meet their changing needs.

UK internet searches for discount vouchers rose by 133% in the 12 months up to November 2008



“Trying to do business without advertising is like winking at a girl in the dark. You know you’re doing it but nobody else does” Anon

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It's time to adapt and get smarter



“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change” Charles Darwin

When consumers think about purchasing a product or engaging a service, the first place that 80% of them go to find a supplier is a search engine (Forrester Research)

The successful business people from previous recessions are those that continued to invest in the key areas of their business, whilst their competitors stopped. This is a key lesson that should not be ignored; success will depend on your ability to adapt, retain budgets and invest in the right places.

Sure marketing budgets have been cut back but slashing them or eliminating them completely as an indulgence and overhead would be an unwise and ill informed decision.

You will have no voice in the market, reduced brand awareness and recall, prospects will not know what you have to offer, existing customers will feel that you don't care and you'll face the issue of a reduced sales pipeline; in such difficult trading times this is the last thing that you want.

Nor are we suggesting that you carry on as before; market conditions are different so your marketing strategy and planning also need to change. So how do you drive the highest effectiveness out of the budget that you have? Our mantra has not changed since our last paper:

- Be ready to adapt and innovate to manage and exploit new market conditions.
- Drive strategic change; do not resort to knee-jerk reactions
- Fight for your resources; be smart and demonstrate value
- Focus on proactive, customer centric and cost efficient, **accountable** marketing campaigns.

Top five tips



1. Use intelligent marketing – insight driven decisions

It is essential that you look at your customers in a new light; understand what drives customer value, what they expect and what is important to them in the recession. Know what they think and know where they are. Know how these economic times are hitting them. Know what new behaviours and events drive customer defection.

To be able to answer these questions you'll need to get smarter. Customer profiling, clusters or RFV models are essential to identify who is spending the most, how to uplift sales and detecting high value customers that show signs of down spinning in value. Investing in segmentation will also yield significant benefits; this is the first and most fundamental step in the move to effective one to one marketing. Some segments in a recession will be growing faster than others; some will be in decline. Track and understand these segments, their trends and which behaviours that are driving these changes. There may be new segments or opportunities emerging for you to exploit.

And what lies at the heart of this insight - data. Data is an important asset; understand it, ensure it is relevant, good quality and updated. Customer data sources continue to grow giving more opportunities to create better insights and deliver targeted, one to one, relevant communications. The biggest area of growth, particularly in the digital arena, is behavioural data and targeting. Integrating web analytics into the email marketing database can drive value eg shopping cart abandons, pages visited, sites joined from, survey tools, product last bought, time since last visit.



2. Targeting of offers and promotions

Customers expect to be contacted using different media but find themselves bombarded with thousands of messages per day; many of them are irrelevant and not targeted. So understand customers needs and channel preferences and weave together different online and offline messages to build targeted, compelling, engaging and relevant personal experiences.

Integration of channels at different stages of the customer buying cycle and customer management programme will drive benefits; it drives a more targeted, consistent and persistent message. Improve relevance inherent in integrated campaigns; take advantage of what you already know about the customers.

Develop capabilities to use behavioural data to tailor messages, trigger campaigns and by using customer insight from the database, tailor messages to suit. Highly relevant behaviour based targeting leads to higher response and conversion rates not to mention better customer experiences, value and loyalty. Develop customer management programmes that include automated trigger and event based activities to ensure that speed to market and relevance are good.

And finally, use your intelligent marketing capabilities to target and manage your offer and promotions programme. Mass marketing of offers will lower margins, potentially damage or at least move brand perceptions and may be something you find difficult to move away from in the up turn.



3. Adapt your channel mix

Review your marketing channel mix and assess which channels drive the value and ROI that the business now seeks. Focus on measurability, targeting and customer management on a one to one basis and use econometric modelling to support this for ATL media.

Marketers that regularly use online media are in a great position to step up their game and deliver strong ROI in a recession. Channel switching from traditional media to new media will continue with search and email being the main beneficiaries. But investment has to be made in targeted and relevant email marketing, possibly to replace direct mail; it needs to get cleverer. Due to low costs too much email is blasted out with little, if any, targeting but as the market tightens so budgets will need to be

justified. Emails have to be relevant or customers will switch off from opening them. They are more savvy and in control now. Be more sophisticated and exploit Web 2.0; customers expect interactive, highly personalised communications that deliver value beyond a simple marketing message.

Integration of channels will also be a key to success; those who integrate not only digital channels ie email, web analytics and e-commerce but their offline marketing channels eg call centres, direct mail, customer statements are in a strong position. Search and email will join direct mail as accountable channels to focus budgets on. Search engine optimisation (SEO), performance based search and updating websites will also be core marketing activities that will retain or attract budgets.



4. Nurture and engage with existing customers

During a recession when customers are feeling more vulnerable they are more likely to stick with what they know and trust and take fewer risks. When people are worried about spending, increasing engagement is more likely to generate sales than shouting about a brand. Engaging appropriately with customers during a recession and helping them through their difficult situations can build better relationships.

Those that fail to engage with customers during a recession will fall prey to the next business who can offer a cheaper product or service at the same quality. The better you serve them the harder it will be for competitors to lure them away. So plan ahead and focus on those 'key moments of truth' and if need be revise your customer journey capabilities. Make sure that expenditure on customer experience programmes survive as they will play a key role in managing customer interactions and brand perceptions. Share data and decisions and make them available at every customer contact point to generate timely offers. Care for your customers and they will be more likely to stick with you if the going gets tough.



5. Adapt your content and messages

What and how you market to your customers will need greater attention; figure out what proposition and story you have to tell about your products and services in a way that is adapted to customers' state of mind. Create engaging and relevant messages based upon a solid understanding of their preferences, needs and behaviours.

Ensure your copy is highly creative, clear and simple and highly relevant to the target audience; find ways to adapt and match it to so that the benefits of your products and services are relevant for customer changing needs. Remind customers what great value your products and services bring to them. Be a comforting friend; brand building during recession should focus on reinforcing values such as trust and reassurance; many seek out family values, comfort, trust, reassurance and nostalgia – the good old days. Give them faith in what you stand for and service them well; remember, people tend to trust other people more than sterile, uncommunicative corporate entities.

And one final key action; ensure your website copy is updated and refreshed; website content is flexible and relatively inexpensive to amend compared with more costly offline media.

Summary

Success comes from listening to what your market place is saying to you, adapting and investing in the right activities. Marketing budgets are much tighter so now, more than ever, is the time to use intelligent marketing and to demonstrate the value of marketing to the business. Plan more using insight, demonstrate ROI, allocate your budget to more accountable channels and adapt your messages and creative to meet the changing needs of the market.

For more information please log onto www.experianim.com and download 'Marketing Success in a Slowdown'.

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