

Marketing crucial during adverse times

DON'T CUT THE MUSCLE

W

hen times are tough business people analysing their budgets need to cut the fat not the muscle – marketing is muscle.

Tauranga Chamber of Commerce is keen to get the message out there that marketing your business remains of major importance regardless of whether there's a recession going on. In fact, slashing or abandoning your marketing budget during tough economic times may lead to more trouble. But, it's a fact that not all business people are grasping.

Auckland Regional Chamber of Commerce Chief Executive Michael Barnett says in his conversation with members he's hearing that the three budgets most likely to get the chop are communications, marketing and training.

“And yet, when you stop and think about it, these are the very areas where you should be making sure you're getting value for money because in the tight market you're going to need better skilled people, better service providers, better customer service, and better storytellers and communicators. Everybody's going to have to lift their game a bit.”

Tauranga Chamber of Commerce CEO Max Mason, and other Bay of Plenty experts totally agree.

Peter Richardson, Bay of Plenty Polytechnic Group Leader Business, says companies and businesses need to continue their promotion, or even step up their marketing during a recession. Otherwise they run the risk of losing their market share - both during tough times and when business picks up - to companies that are more active marketers.

“My advice is to maintain brand strength and keep your profile in front of the public and customers. You can't run the risk of being forgotten about,” Peter says.

He says marketing plans may need a little tweaking during current times.

“You really need to be very specific about your target market so you are not wasting resources. You need a good awareness through research of who you are selling your product or service to.

“You have to be smarter and more efficient so you are ready for when things get busy – and they will. Tightening budgets means you may



need to look at more cost effective ways of promoting your product or service.”

Wave director Glenn Dougal says the silver lining of the current state of the economy is that marketing has never been cheaper.

Glenn - whose company is a design, marketing and advising agency - says this is because advertising rates are dropping and less people are communicating with their customers. With less people cluttering the market, it's easier to achieve effective marketing.

It's not just about maintaining marketing though, he says. He encourages businesses to expand their efforts.

“Now is a good time to increase what you are doing in terms of marketing because there's a greater likelihood of being heard. It's a good opportunity for businesses to communicate with both existing and potential customers. It's a time for businesses to reposition themselves in the minds of their customers – remind them what you do, how you do it so well, and show them what value you have to offer.”

Glenn says a number of Wave's customers and key clients – multinational, national and local – have increased their marketing spend over the last three to six months and have already noted the value of doing so.

“We are advising our clients that this year is not a year of profit making. This year's a lot about positioning and placement on the market and gaining a bigger market share.”

A recent article in NZ Marketing Magazine follows Glenn's line of

thinking. It noted that those who are brave and adapt will find that marketing in times of adversity can bring unexpected success.

As writer Ruth Le Pla said in the article: "The year 2009 may not be a ripper. But it need not be all bad – if you're brave and adapt. Smart marketers know how to zig when everyone else is zagging. They know they must re-examine, reinvent and revitalise their thinking and their actions. Rolling out last year's plan is unlikely to cut the mustard in 2009."

There are some good opportunities, the article says, for those with the conviction and courage to tap into the change.

The heads of several industry associations are already reporting changed behaviour among members. NZ Marketing Association chief executive Sue McCarty says turnout at events is rising as marketers engage more closely, looking for advice and wanting to pool ideas.

Chris Lamers, head of marketing at Loyalty New Zealand, notes a big swing in emphasis as economic prospects darken. "In previous years brand was king – everyone wanted good brands. Now a lot of people are moving towards a lot more tactical marketing."

So, what can we learn from the past?

As stated in NZ Marketing Magazine, conventional wisdom says companies that keep pumping out the marketing dollars in tough times will pocket the rewards. When times are good, go for profit margin: When times are bad, go for market share.

It's a handy marketing mantra for hard times and a mountain of research from previous recessions proves it – there's wisdom in maintaining marketing spend during tough times.

Sue McCarty says now is the time for all marketers to strut their stuff. From the most grizzled senior marketer to the greenest newbie, everyone can show leadership in facing off today's challenges, she says.

"Senior and executive marketers should be having conversations

with their CEOs, talking in business language with them about business issues. Where are they taking the business, the brands and the vision of the organisation? Is it still appropriate? Talk about market insight and what's going on right now.

"Further down the tree it's about being smart. Use your networks and suppliers to be innovative about how you continue to do great marketing with all the various tools available today. Sit around a table and say, 'before we get our budgets squashed, how about we do this to deliver a better result for the same dollars?' Or, 'we're going to cut our own budgets because we're doing something smarter'.

"Get smart. Be proactive. Don't wait for somebody to tell you that you don't have a job or a budget any more. Show some leadership.

"This is a time to be innovative because the successful brands and people of the future are being born right now."

According to the Economic Development Association of New Zealand also says businesses should be looking at increasing their marketing during a recession.

The association has just released a simple recession survival checklist for businesses and it includes marketing advice.

The checklist features the following 10 pieces of advice:

- Mind your cash flow – what do your finances really tell you?
- Cut your costs – look for savings in every part of your business
- Credit check new customers to reduce risk
- Focus on retaining customers
- Provide outstanding customer service
- Increase your marketing
- Concentrate on products and services that sell
- Train your staff
- Streamline your operation – consider moving to smaller premises or subletting your existing space
- Talk to your local economic development agency.



Left to Right: Paul Hodson (Associate), Tim Cooney (Partner), Fraser Lellman (Partner), Jeff Roberts (Associate)

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