

Building Your Brand in a Recession

A Truly Strategic Opportunity

By Warren Baxter, MBA
 Managing Director (Vancouver)
 KARO GROUP

IF PREDICTIONS PLAY OUT, THE NEXT 12 TO 24 MONTHS are going to be a roller coaster as our global economy manoeuvres itself through the sub-prime-fuelled credit crunch. Many organizations are grasping for anything they feel will protect them through this down cycle – “feel” being the operative word.

With knee-jerk reactions aimed at cutting costs, reducing liabilities and conserving cash, fear is now driving many business decisions. Recognizing this emotional state is critical because every decision we make, including business decisions, is based on emotion and then rationalized with logic.¹

Consumers are no different. If people feel a strong emotional connection with a brand, they will remain loyal. But, squeezed by economic uncertainty, that emotional connection gets tested, strained even. To maintain – and strengthen – this connection through a recession, companies must remain dedicated to building their brand.

Predictably, one of the first areas to be trimmed by a business in tough economic times is marketing. However, this is very often not only a short-term financial fix, but a shortsighted one. Business journals are filled with research demonstrating that maintaining or increasing marketing spend has helped companies

preserve sales during an economic slowdown and improve their market position as the economy strengthens. This strategy helps them to increase their “share of voice” (SOV) within the market, which in turn leads to an increase in market share and top-of-mind brand positioning. When the economy improves, the company experiences better than pre-downturn performance as a result.² Coke, BMW and Kleenex are cases in point.³

What you need to know about building your brand in today’s economy
 + five “must know” brand guidelines

So how do you go about this? Is any marketing spend good marketing spend? In a word: no. Companies often default to tantalizing campaigns that promote price reductions or inflate customer expectations, or both, ultimately diluting a brand rather than protecting it. As David Ogilvy, the “Father of Advertising,” said, “Any damn fool can put on a deal, but it takes genius, faith and perseverance to create a brand.”

An astute company will focus its efforts on maintaining or increasing its brand presence

in an authentic manner that is consistent with its promise to the consumer. Acting with little consideration for this promise can cause long-term damage. For example, if a company's brand promise is superior 24-hour online customer service, then no matter what special price discount it promotes, if the company moves half its customer service operators into cold-calling and can't deliver on its promise of superior service, its brand equity will erode. Any short-term gain created by the promotion will be lost over the longer term, regardless of the increased SOV.

“Just as they can respect integrity, customers can also smell uncertainty and desperation.”

It is vital for organizations to understand that, in softer economic times, purchasers, whether businesses or consumers, must be able to trust and believe in a brand. In the 2008 paper “Different Approaches to Recession Advertising and Marketing,” Paul Richards’ prophetic insight from 2002 is invoked: “Just as they can respect integrity, customers can also smell uncertainty and desperation.”⁴ At times like this, people are more particular about where they spend their money. A company's brand is its promise, an assurance of the best choice – any lack of authenticity or failure to deliver on that promise diminishes the brand and has direct financial implications.

By keeping your company focused on its brand promise and considering it at every touch point, you will maintain customer loyalty, inevitably elevating your market position and share when the economy cycles up.

To help achieve this, consider the following brand guidelines:

1. Stick to your long-term goals. Deviating from your brand strategy by running “urgency” campaigns designed to create quick sales may help short-term cash flow, but loyal customers may view it as cheapening your company's offer to the market. Look to other ways to address cash flow in slower markets.
2. Maintain or increase your marketing budget. When the market goes quiet, successful brands typically increase their presence with strong, considered branding activities. Moreover, research suggests that these brands position themselves to bounce back better than other brands when the market cycles up.
3. Be authentic. Focus your company's efforts on maintaining or increasing its brand presence in an authentic manner that is consistent with its promise to your consumer. If your brand is about luxury and exclusivity, offering low-end products to attract more buyers will only decrease consumers' perceived value of your brand.
4. Think beyond advertising. Branding covers all the touch points between your business and your customer, from your direct mail to website to office/retail environment ... even your invoices and warranty. Every touch point is part of your brand – consider how changes in your company's activities and structure may affect your customers.
5. Deliver on your brand promise. A recession is an emotional time – consumers need reassurance they are making the right choices. If your marketing activities create mistrust by under-delivering on their expectations of your brand, consumers may quickly switch to a safer (a.k.a. less expensive) alternative.

AUTHOR**Warren Baxter**

Managing Director (Vancouver) of Karo Group



Karo is a strategic branding agency with offices in Vancouver, BC, and Calgary, Alberta. Karo, recognized as one of the Best Workplaces in Canada, has partnered with some of Canada's largest organizations to develop their

brands and position them through advertising, interactive, environments and communications design. Warren can be reached at 604.255.6100 or warren@karo.com.

REFERENCES

1. Renvoisé, P. & Morin, C. *Neuromarketing: Is There a 'Buy Button' Inside the Brain?* San Francisco: SalesBrain Publishing, 2005.
2. Seth, A. "Taking Arms Against a Sea of Troubles." *Admap* 496 (July 2008).
3. Helm, B. "Best Global Brands." *BusinessWeek*, September 18, 2008, www.businessweek.com/magazine/content/08_39/b4101052097769.htm.
4. Grande, C. "Different Approaches to Recession Advertising and Marketing." *World Advertising Research Center*, February 2008, www.warc.com.