Marketing in a recession and beyond

By Gill Randall

18 Jul 2017

Through my company's membership of the Ehrenburg Bass Institute (EBI) for marketing science, the company has access to consumer behaviour tracked from way before, during and post the previous recession, and that data has revealed very clear shopper insights. One of the biggest lessons I've learned is just how habitual consumers are.

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Consumers find it difficult to modify their regular behaviour. So, in belt tightening time, they find it much easier to change non-regular behaviours. Regular behaviour would be defined as going out for lunch or coffee or shopping at their favourite stores, they'll continue to do this, but just at a reduced frequency or expenditure level. Non-regular behaviours, however, like buying big appliances or re-decorating will be postponed or discarded.

The 2008 – 2009 recession resulted in purchase declines across all categories, with the after effects felt and seen in continued declines up until 2013. As the economy recovered, purchasing again picked up between 2013 and 2016 showing increased purchases across most categories.

Smaller marketing budgets have to work harder

But even during a recession, life continues to happen: appliances and cars that break down still need to be repaired or replaced, people still get married, move houses, start families and change jobs etc, money will still be spent, again, just at a reduced level and frequency.

Thinner markets mean that less people are actively buying at any given time. They're spending less and buying less frequently which generally means that smaller marketing budgets have to work harder. And along with tightening budgets, consumers are also extensively searching for bargains, therefore an increased mental availability for brands in tough times do go a long way in getting those much-needed sales.

This is where the now generally accepted 'reach' and 'continuity' strategy becomes ever more critical. Less active shoppers, shopping less frequently must equate to advertisers adopting a wider reach of the whole category more often (continuously) to maintain conversion rates of available share of wallet.

The principle of Share of Voice (SOV)

Additionally, in good times and in bad, the principle of Share of Voice (SOV) applies – so marketers whose ad spend is above (or below) their relative market share tend to improve (or decline) in overall market share during these times. That's why holding or, (yes please), raising your ad spend in a recession generally leaves your brand's market share better off at the end of a recession than at the start. It's simply a matter of SOV. But, if budgets are to be cut, don't stress too much – competitors are more than likely in the same boat, but do try to ensure the retention of relative SOV.

Extensive EBI analysis shows that at best 50% of a brand's business comes from regular shoppers and that better than 50% comes from the balance of buyers in the category. The bottom line is that target markets are not just regular shoppers, it's all buyers in the category. Aim too narrow and ads won't be seen by the big groups of flirtatious customers!

Local papers remain the only real mass reach print media available. Roots 2016 shows that 63% of urban decision makers read their local paper versus 25% of any other daily newspaper or 22% of any other weekly paper.

To sum up, in a recession purchases are fewer and further between than normal and the ratio of 'need' purchases to 'pleasure' purchases is far higher. Shopping is also less planned and more random. Random shopping can happen anytime, so brands need to be in the market continuously to attract the buyers as they consider their choices amongst a myriad of brand offerings.

ABOUT GILL RANDALL

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