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7 Myths About Marketing in A Slow Economy

In an ideal world, marketing activity would be self supporting, always pay back multi-fold what it costs to execute, and be effective in reaching every potential buyer in the appropriate sector all the time. But in the world where the sky is blue, marketing activities are driven by several factors, including perceptions of the company, economic forces that drive consumer behavior of all types and factors beyond your control.

We share this with you because it is important for you to understand — we hope it will help in your upcoming marketing planning.

Myth #1 - "Our brand is strong enough not to need support for the duration of the downturn."
Fact: Few brands are strong enough to survive without advertising, product promotion and customer service support. Brands are like delicate houseplants - they need attention, support, bolstering, and polishing, (the marketing equivalent of nutrients, light and water) - or they will wither and shrivel to a shadow of their former self. This is not a position you want your corporate brand to be in when the growth engine for the economy revs back up.

Myth #2 - "If we cut back on marketing spending, we can use the money for other things internally, and increase the budget when things get better."
Fact: Studies have shown that once that budget gets cut, it takes a herculean effort and a strong internal champion to boost it back to its former levels, and even if it does increase, there are much stronger conditions of ROI attached to its implementation. Once those funds are allocated elsewhere, they tend to stay there - after all, that other department doesn't want to give them up either.

Myth #3 - "Nobody's buying anything, advertising and promotions are a waste of money."
Fact: Many studies conducted by prestigious business publications and university think tanks have come to this conclusion based on the data they gathered on U.S. and in some cases global companies: *Those that reduce their presence in their key service markets are in a far worse position in terms of profitability, market share and market competitive presence when the downturn eases and profitability growth returns than those that maintain their marketing activity levels.* Those companies that are so bold as to increase marketing activity stand a great chance of taking market share from their less aggressive competitors and can rule the category if the downturn lasts long enough.

Myth #4 - "We can cut back on marketing now, and then ramp up quickly when things get better."
Fact: This strategy has proven disastrous time and again, especially for companies that have inefficiencies inherent in their design, or product delivery channel. That inefficiency won't allow them to "ramp up quickly", since by that very inefficiency they will effectively always be "late" when timing the market - they are not market leaders but laggards, and thus the ramp-up activity gets started late relative to the buying cycle, and their more nimble competitors have already beaten them to the punch.

Myth #5 - "We should examine what's working for us, and cut out everything else."
Fact: This is not really a myth, but a knee-jerk reaction to a short-term slump in sales gross. Good marketing departments should be doing exactly that on a perpetual basis, not just when times are tougher. Why would any marketer worth their pay continue programs that didn't work, effectively dragging down performance across the board and wasting money.

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In addition, there should be metrics built into any campaign so that there is a way to "take the pulse" of its success, and mid-course correction is possible to boost effectiveness and increase ROI on a continual basis. Cutting out what can't be measured accurately hampers this effect, dragging down results with no apparent reason.

Myth #6 - "Marketing spends more money than any other department, they have the most room to cut budget."
Fact: While spending may be a measure of power in some corporate structures, at least informally, return is really what counts when it's budget review time. Marketing is one of the few departments that can actually point to contributions they make directly to the bottom line. There is a proven cause-and-effect relationship between sales gross and marketing expenditure for larger and enterprise-size firms. Cutting the marketing budget only reduces the opportunities available to build market share, boost product awareness and memorability in the mind of the consumer, and dampens profitability in the long run.

Myth #7 - "All of our competitors are pulling back advertising and media expenditures to save money, so we should, too."
Fact: This kind of lemming-like sheep thinking can destroy your company! Your Mom knew better than this when you used the excuse "All the other kids are going, why can't I?" and her response was likely something along the lines of "If the other kids jump off the bridge, are you going to jump, too?" Despite being competitors, their financials likely look a bit different from yours, and it's foolish to think that you can mirror their moves and be successful - at best you will be equal! The smart money here is being used to take market share from your more timid competitors, by increasing presence and exposure, and cutting other less-than-mission-critical expenditures for a short period to accomplish it.

<u>Bonus!</u>
Myth #8 - "We should downgrade the quality of our marketing materials, use a cheaper agency, and mail out less frequently to save money."
Fact: This set of moves will actually cost you both in the short- and long-term. You might save a very small incremental amount on cheaper paper, shorter, smaller brochures, cheaper handouts, smaller tradeshow giveaways - but the damage you're doing to your brand and the resulting poor reflection on the company as a whole does far more damage than can ever be repaired by spending those few dollars later to try and fix it.

Think of your customers. "Gee, they must be in trouble, this looks like cheap junk. Maybe I'd better take my business to another company that will be around down the line," is the thought you're promoting by reducing quality in your publicly released materials. Good design often costs less than bad design, due to fewer creative iterations, fewer miscues, greater effectiveness and higher return.

When times get tough, the tough get going in the marketing department, providing the market with visual evidence of your corporate strength, your leadership role in the sector, your expertise in the market, and the supportive strength you offer for your products and services. Don't believe the nay-sayers who want to slash your marketing budget, reduce your headcount and reduce the quality of your materials. Everything you do here reflects on the health of your company, and cutting here shows the most and helps the least.

By David Poulos (Reprinted from ezinearticles.com)