



Marketing in an Economic Downturn: Mistakes, Challenges and Opportunities

Some 60 percent of **American Marketing Association** member marketers say halting or reducing spending on key marketing programs is the biggest mistake marketers can make in an economic downturn, **according to** (pdf) a recent AMA survey, **writes** MarketingCharts.

Focusing on short-term tactics and sticking to the status quo are additional missteps, marketers say (view **chart of biggest mistakes**).

In all, 66 percent of respondents to the May survey say the current state of the economy is having an impact on their marketing plans. Marketers most often say it is a challenge in this economy to...

- Demonstrate the value of marketing when sales are decreasing
- Realign marketing strategies to match businesses' changing objectives
- Focus on longer-term brand strategies (see **chart** of greatest internal challenges)

The AMA offered four strategies to enhance marketing plans in a downturn - shape the message, don't slash the price; focus on whom not to target; stand apart from the crowd and invest in innovation; and sustain the brand:

1. Shape the message, don't slash the price

Only 3 percent of American Marketing Association marketers say it is important for marketing functions to adjust pricing strategy to help sustain and grow business during an economic downturn.

Implications for marketers: Conduct research to understand your competitor's positioning and your target audiences' perception of the economic environment; hone and refine your messages; highlight the value of your product or service, rather than slashing the price.



2. Focus on whom not to target

Some 67 percent of AMA marketers say it is important to mitigate the impact of an economic downturn by refining target audiences.

Implications for marketers: Assess which segments of potential customers you do not want to target; don't market to inappropriate market segments (simply stated, some customers are more costly to serve than to lose); focus marketing strategies on customer segments that will produce the greatest ROI.

3. Stand apart from the crowd and invest in innovation

Most AMA marketers, 66 percent, report that they would take the same amount or less risk with a new product and/or service innovation during a time of economic uncertainty.

Implications for marketers: Differentiate through innovation with a product or service that performs in a faltering economy; invest in R&D now to ensure that your company is in a position to compete when the economy rebounds.

4. Sustain the brand

63 percent of marketers say they can lessen the impact of a downturn by investing in brand building as part of their marketing plan.

Implications for marketers: Establish access to executive officers to understand ongoing shifts in business strategy; realign marketing strategies to match business objectives quickly to demonstrate a commitment to the bottom line; qualify and quantify results quarterly to establish an ongoing dialogue with executive officers.

About the survey: From May 6, 2008 through May 16, 2008, the American Marketing Association conducted online interviews with 244 AMA members in the continental United States.