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STRATEGIES

Gain a competitive edge by marketing in a down economy

When difficult economic times hit, one of the first things companies often do is cut marketing, advertising and public relations expenses.

When seen as a luxury and not a necessity, investments in advertising, marketing and public relations are often sacrificed in favor of more traditional costs, such as maintaining a full work force, not reducing salaries or benefits, not right-sizing the physical plant and other similar options.

Slashing marketing can be a serious strategic and tactical mistake. Marketing your product or service is fundamental to the success of your company, regardless of the underlying economic conditions.

STRATEGY FIRST

At its core, strategy supports purpose, or mission. Assuming your company's purpose remains unchanged despite changes in the economy, strategy nonetheless needs to be reassessed and adjusted where appropriate to take into account evolving conditions.

In previous columns, I have addressed the concept of strategic assessment in a four quadrant, analytical context: internal, external, present and future.

Where does marketing fit? The investment in marketing, advertising and public relations is typically a primary strategic driver of new revenue opportunity. It is a future/external initiative.

In a depressed economy, these activities provide a further important purpose of helping sustain and maintain existing revenue bases. In addition to providing an external focus on future opportunity, attention to market opportunities can uncover current opportunities brought



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about by many forces, including competitors leaving the sector, marketing mistakes by competitors and changes in the fundamental business model of clients and customers. In a down market, maintaining the focus on marketing as a strategic necessity is fundamental to sustaining market position and even gaining market share. Investing marketing dollars in building brand awareness, identifying new customer opportunities and new market opportunities and educating your marketplace provides a future focus that can serve the company's fundamental purpose and create future opportunities, while safeguarding the current state.

TACTICS SECOND

If the organization reaffirms its commitment to marketing as a strategic necessity to both sustain the present and create future opportunities, the logical next question is "what to do?" How do we maximize the investment in advertising, marketing and public relations given the economic pressures we face? How do we gain competitive advantage and market share? The answers lie in a process of completely reassessing the company's marketing plan and approach. Follow these steps:

- **Stop and assess:** Take a completely fresh look at all aspects of your organization's marketing plan and marketing activities. This includes an honest assessment of the cost and effectiveness of all current activities, including such things as direct mail, special events, advertising venues, Web site and entertainment. What is working and what is not? What is cost effective in a measurable way and what is not? Nothing should be sacred.

- **Research:** The next step is to do what is necessary to understand your market. What effect is the economy having on customers and competitors? How are competitors responding? Are any key competitors in trouble and losing customers? What new market opportunities or "cottage industries" are being created by the changes in the economy that you can address?

What are the near-term outlook and the long-term future of the market sector? Research produces knowledge, and knowledge is a powerful tool in reassessing market opportunities.

- **Build a ground-up marketing plan:** Start over. Abandon the plan that was devised in a booming economy. Parts of it are most likely no longer relevant. Evaluate what is working and continue those activities. On the other hand, at least for the time being, abandon expensive activities that do not produce measurable and demonstrable results. These might include the suite at the sports arena or the table at the gala of choice. Be biased toward activities that put you in direct relationships with your customers. Be jealous of your resources and guard them carefully.

- **Relationships matter:** The most important tactical step in resetting your marketing plan is to dedicate your resources to connecting with your customers. Every customer or client is dealing with his or her unique challenges in today's world. The only way to begin to understand those challenges is to be in communication and build and enhance relationships. Invest time and money in relational opportunities. Listen to your customers and learn about their issues and concerns. Provide support. In doing so, you will have invested in some of the most effective marketing you can do in difficult times.

Companies that follow this approach will make smarter decisions about investing their resources in the most effective direction and activities. Focused attention on what works, the ability to rapidly adjust strategy and tactics to changing market conditions and responsible stewardship of financial and human resources can add to stability and opportunity, and yes, provide a definite competitive advantage.

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