MARKETING POV

WHY BRANDS & BUSINESSES SHOULD ADVERTISE IN A DOWNTURN

In uncertain times, we see many businesses swiftly cut advertising costs, reduce media investment or "go dark" altogether. Whether it is to defend and offset profits in the immediate short-term, or because businesses aren't sure what else to do, in both cases, history has shown this halt or slowdown in media investment is at the detriment of their long-term profitability.

In an economic downturn or recession, brands that cut advertising budgets emerge weaker and less gainful than those who maintained their share-of-voice (SOV) and share within the market.[1]

Past data has shown that lowering media investment can be harmful to both short-term and long-term gains - the latter of which businesses have worked so hard for many years to build. For those who maintained and increased their advertising investment to build their brands, not only reinforced their business but improved their ROI.[2]

Here are the top 5 observations brands and businesses can use to reinforce themselves during a downturn:

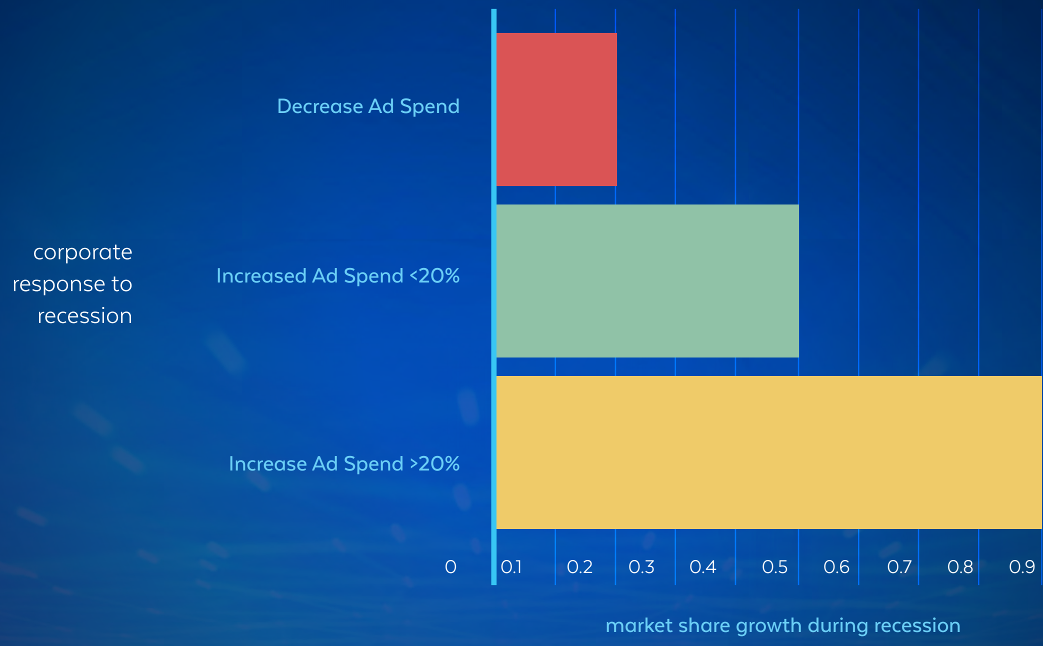
1

Invest in the Upswing

Maintaining or even increasing ad spend during a downturn sets a company up to survive the downturn (a little) and then prosper (a lot) in the period that follows. This gives them a notable share of mind among their consumers, as well as a significant head start on their competitors when things return to normal.

[1] Peter Field, Advertising in a Recession – Long, Short, or Dark? LinkedIn, 2020

[2] Analytic Partners, ROI Genome Intelligence study, 2019



Biel, Alex, and Stephen King "Advertising During a Recession"
In *AdValue*, ed. Leslie Butterfield, 2003

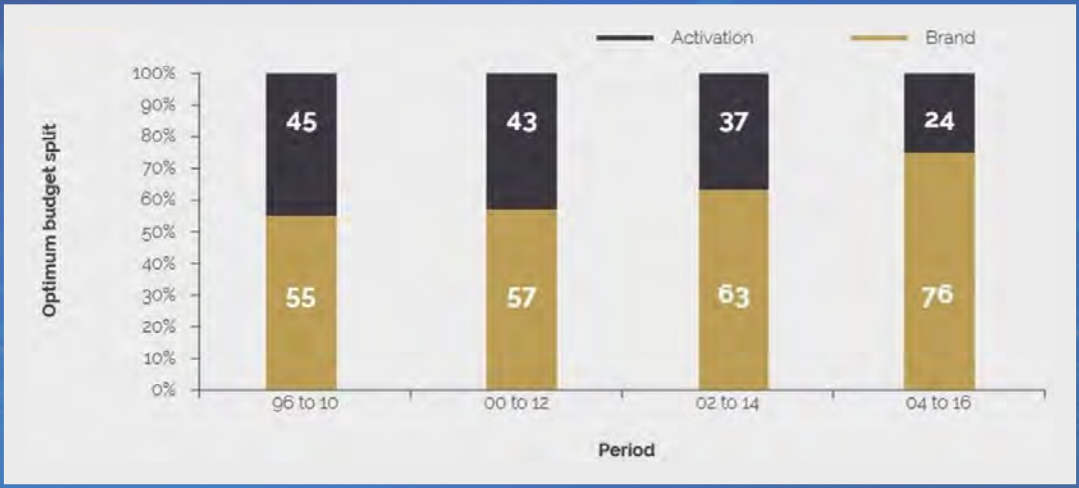
The graph above shows the benefits of setting one's sights on the longer term. Generally, businesses over-invest in short-term activation activities, when what they need to do is combine sales activation tactics with longer-term brand-building efforts:

The differences between brand building and sales activation

Brand Building	Sales Activation
Creates mental brand equity	Exploits mental brand equity
Influences future sales	Generates sales now
Broad reach	Tightly targeted
Long term	Short term
Emotional priming	Persuasive messages

Source: Les Binet and Peter Field, *Media in Focus: Marketing Effectiveness in the Digital Era*, IPA, (Figure 01)

The optimum budget balance is trending towards brand

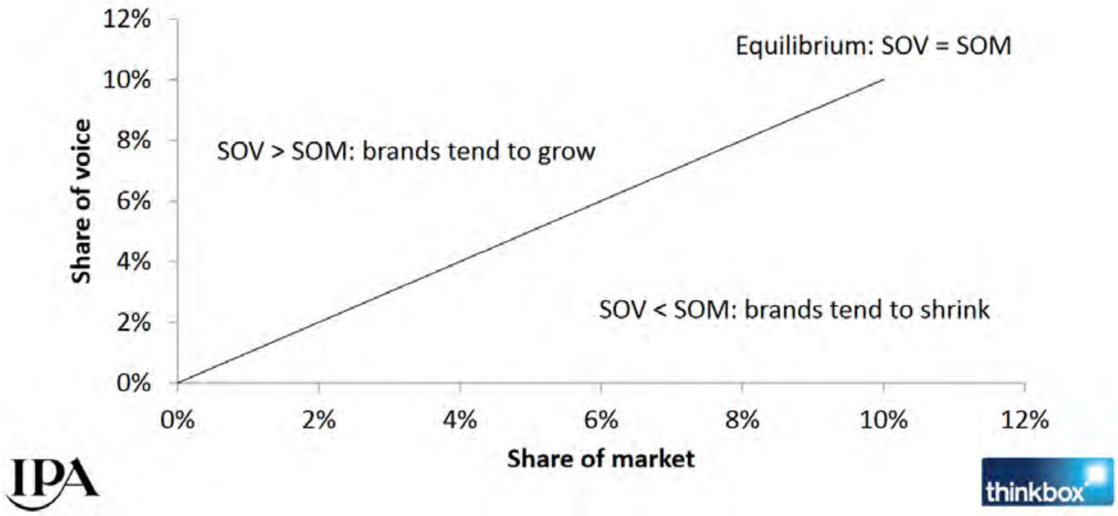


Source: IPA Databank, 1998-2016 cases
From Effectiveness in Context, Binet

2 The Value of Excess Share-of-Voice (ESOV)

When the market is in a downturn and many advertisers reduce their messaging or "go dark" altogether, there is a unique opportunity for businesses to amplify their SOV by way of the number of brands who have reduced or ceased to advertise during the downturn. One advertiser's share of the proverbial pie increases as the number of other advertisers forgo their slice. Those who increase their SOV through media investment subsequently increase their share-of-market and reinforce the longevity of their business.

SHARE OF VOICE MATTERS MORE THAN EVER



3 Recessions or Economic Downturns Do Not Equate Lower ROI's, But Removing All Advertising Can Guarantee Losses.

Recall that famous Wayne Gretzky quote, "You miss 100% of the shots you don't take"? The same notion applies here: **brands and businesses will miss 100% of the impressions they don't make.**

On average, companies that removed media investments suffered an 18% loss in incremental sales.[3]

At the other end of the scale - in over 100 cases studied during the last recession in 2008 - more than 50% of brands saw improvements in their ROI.[4]

4 Make Data-Driven Decisions

In uncertain times, informed decisions become all the more important. One area that can shed light on an answer is to look at the data. Smart businesses are able to adapt and make better decisions more efficiently because they leverage an always-on data and measurement framework and partner with advertising suppliers and agencies who can provide them with real-time audience data, which they can apply immediately to inform strategy and tactical needs for both short-term and long-term goals.

5 Adapt Strategy & Tactics to the Current Climate

The adage goes that changing times call for changing measures. With insights and analytics at the ready, businesses can quickly adjust or implement new tactics to suit changing market conditions and cultural tone. For the current climate creative strategies include:

- Offering cost-incentives to cost-conscious consumers
- Emphasizing product or service value
- Highlight new processes that enable your consumers or increase ease of access
- Feature humanity, generosity in advertising and be empathetic with your audience

[1] Analytic Partners, ROI Genome Intelligence study, 2019
[2] Analytic Partners, ROI Genome Intelligence study, 2019