

Recessions Provide a Perfect Opportunity for Advertising to Do Its Job

Recessions are different from other economic periods and need to be looked at differently to benefit your business. There are two focuses that you should have when looking at marketing and advertising in a recession:

Increasing Short- and Long-Term Profits.

Increasing Market Share.

If you focus in this way, you'll be better off in almost every case both during and after the recession. Recessions clearly reward the aggressive advertiser and penalize the timid one.

In a study of U.S. recessions, McGraw-Hill Research analyzed 600 companies covering 16 different SIC industries from 1980 through 1985. The results showed that business-to-business firms that maintained or increased their advertising expenditures during the 1981-1982 recession averaged significantly higher sales growth, both during the recession and for the following three years, than those that eliminated or decreased advertising. By 1985, sales of companies that were aggressive recession advertisers had risen 256% over those that didn't keep up their advertising. In analysis of the 1990-91 recession, Penton Research Services, Coopers & Lybrand, in conjunction with Business Science International, found that better performing businesses focused on a strong marketing program enabling them to solidify their customer base, take business away from less aggressive competitors, and position themselves for future growth during the recovery.

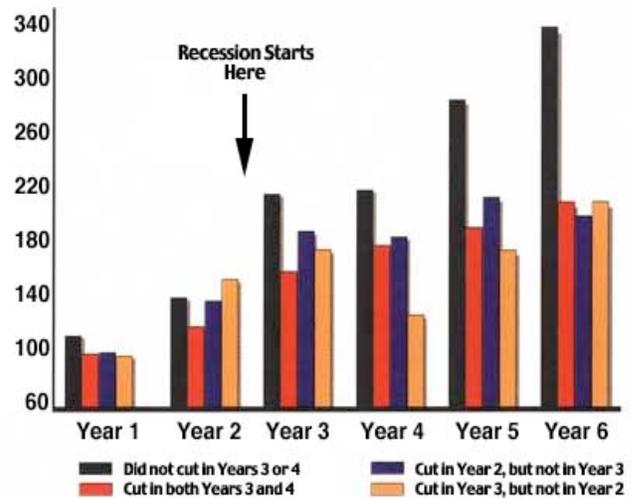
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Mobile Messages Gain Awareness ~ Text is tops as 100 million-plus people in the United States are exposed to SMS ads

R U Missing UR Customers?

Increasing Short and Long Term Sales and Profits



Sales for the companies studied were relatively even before the recession, but varied sharply during and after it. Companies that cut advertising during both of the recessionary years maintained flat sales during the period and only modest sales growth in the following two years. In contrast, the companies that maintained their advertising experienced significant sales growth throughout the four-year period.

Increasing Market Share

A recessionary market can provide an opportunity for businesses to build a greater share of market through aggressive advertising. This according to The Strategic Planning Institute of Cambridge, MA. Correspondingly, businesses that reduce media expenditures suffer loss of market share. It was demonstrated that aggressive businesses can accomplish these gains through greater expenditures without reducing short-term profitability. Advertising can skillfully reposition a product to take advantage of new buying concerns, give an advertiser a stable image in a chaotic environment, and give an advertiser the chance to dominate the advertising media.

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