

# Focus & Simplify

## Tips for Marketing through an Economic Downturn

**I**n turmoil lies opportunity. A McKinsey study analyzing the performance of nearly 700 technology companies over the past two decades found that economic downturns can significantly reshape the competitive landscape. About half of the companies that entered these downturns as leaders—the top 20 percent—ended up as laggards when the economy regained momentum.

Along a similar vein, an eight-year global study by Bain & Company analyzing the profit margins and sales growth of more than 2,500 companies showed that 24 percent more firms moved from laggards to leaders during the 2001 downturn than during the subsequent period of economic calm. Concurrently, around 20 percent of those in the top quartile of financial performance in their sectors dropped to the bottom quartile during the same period.

Without question, turbulent times give rise to both tremendous risk and opportunity. Some organizations view economic downturns as prime occasions to strengthen their businesses, invest aggressively and assert their advantage over weaker competitors. Others cut back and enter a period of strategic dormancy while waiting for the recession to pass.

Management consultants and business researchers have published ample research and guidance to help companies advance during economic downturns. Their advice can be distilled as follows:

- Focus on the “core” of your business
- Scale back expenditures in non-differentiating areas
- Fortify relationships with high-value customers
- Identify and invest in growth opportunities

Of course, while each of these objectives sounds straightforward and simple, they’re often very difficult to achieve, because they require a daunting degree of self-knowledge, disciplined decision-making and sacrifice. Nonetheless, an organization’s ability to focus and simplify during a downturn is not only essential to advancement, but also to survival.

As an organization refocuses on its core business and strengthens relationships with customers, the marketing team often has a central role to play in understanding and influencing changes in customer behavior and in preserving loyalty among profitable customer segments.

Following are some essential moves marketing groups can make to ensure their companies come out ahead in the face of a downturn:

- **Get really clear on what customers value most.** Aside from lowering costs, business priorities change significantly during a downturn. This often affects how customers make purchase decisions in unexpected and enduring ways. Invest in customer research. Be sure your company understands how customers are redefining value and responding to shifting economic conditions. Know how you’re being measured so you can adapt accordingly.
- **Hone your company’s brand message** – the sum total of what your company conveys to employees, customers, suppliers and investors. Chances are your brand message is more complex than it needs to be. Complexity creates confusion and adds costs. Try to focus your brand around a single resonant idea – one that emphasizes your customers. The resulting simplicity will create natural efficiencies in communicating to all your key stakeholders. Your marketing will be more consistent, more powerful and self-reinforcing.
- **Reassess your marketing plan.** Invest in programs that communicate your value to customers and prospects. Focus on a tight set of messages that support your company’s unifying brand idea. Engage customers on their priorities and their needs. Edit out things that may matter a lot to internal stakeholders but hold little value for external audiences. Keep it crisp and memorable.

*CXO Communication can adapt your brand strategy and communication programs to help you thrive in tough times. Please visit the firm’s [web site](#) or contact Kathleen Bowden, a partner in the firm, at +1 (617) 247-0122 or at [kathleen@cxocommunication.com](mailto:kathleen@cxocommunication.com).*