

Marketing in a Recession 2009

Insights from Senior Australian Marketers and 33 years of Literature

"...the tasks of marketing are becoming more crucial rather than less crucial during a recession."

-Lee Adler, Journal of Marketing, 1975)



Methodology

This report is based on:

- two focus groups of senior marketing executives from ANZ, Ansell, Australia Post, BP, CGU, Ford, Fonterra, Fosters, Heinz, Hitwise, Medibank Private, Seek, STA Travel, Vanguard Investments etc
- a 33 year literature review using US and international databases

Authors

Dr. Bill Callaghan – CEO, Strategic Mapping
Terry Kanellos – CEO, ecoBright energy solutions
Dr. Michael Valos – President, Monash Marketing Alumni

Disclaimer

While every attempt has been made to ensure the accuracy of the information within this report and that the interpretation of this information is accurate, we cannot guarantee in any way the content of this report. Any decisions made as a result of reading this report remain the responsibility of the person making the decision.

Background

Recessions have happened before! A pattern has occurred in Australia almost every 8 years from 1961 till 1991 when a 16 year gap occurred. Although the reasons behind each recession have differed (as have their intensity) it appears successful marketing responses to each have been similar.

There are two fundamental questions to answer for any readers of this report regardless of their organisation's circumstances or context. However individual circumstances or context will determine ultimate 'recession response'. Your 'recession response' will differ according according to:

- ownership (e.g. overseas parent or Australian owned)
- product range (narrow or diversified),
- brand architecture (corporate or house of brands)
- strategic posture (offensive or defensive)
- channels (owned or intermediaries)
- B2B or B2C
- Services or FMCG etc
- market leader or market follower
- organizational structure and business units
- Chief Marketing Officer role and responsibilities

There are two questions you initially need to ask yourself when responding to a recession. They are:

1. Where does a marketer start in responding to a recession? Options appear to be 'top down process', 'bottom up process' or 'segmentation driven process'. Does the marketer accept what the board dictates or try to persuade the board of the need to start with segmentation and/or portfolio analysis. Where there are multiple business units does one marketing director represent all other marketing managers?
2. What framework highlights the individual issues and individual actionable choices in a manageable format? Options appear to be the '3 C's' framework of Kenichi Ohmae (1991) (i.e. customer, competitor and company/competencies) or a vertical 'strategic-tactic-implementation hierarchy'. Choose a framework that suits your organization as the findings here are applicable to both. You need a framework comprehensive in listing decision choices as well as allowing a sequential series of activities which integrate long term strategy with short term recession response. Possibly it should provide scope for adaptation over time?

This report will present the focus group and literature findings under headings and sub headings which allow the reader to commence their 'recession response' regardless of the answers given to the two questions above. In some cases the findings will provide clear recommendations while in other cases only choices where individual situation determines the best action. Each company has a unique context: e.g. some companies have dealer channels while other companies have direct channels; some companies have overseas parents with 'deep pockets' and other companies don't. Then there are some companies that have greater proportion of 'recession proof' products than others.

*Ohmae, K., (1991). *The Mind of the Strategist: The Art of Japanese Business*, McGraw-Hill.

8 of 169 Recession Actions and Suggestions in Report

Senior Marketing Executive Focus Group Findings (71 in total)

Macro Actions - (1 of 20 Macro quotations in report)

We consider the downturn a good time to 'clean up the backyard' with a review of our costs and an examination of synergies that we may have missed

Strategic Actions (1 of 15 Strategic quotations in report)

We are still focusing on new product development as we believe this will put us in good stead as we come out of the recession.

Tactical Actions (1 of 22 Tactical quotations in report)

Customers will make more informed, rigorous and rational decisions.

Implementation Actions (1 of 14 Implementation quotations in report)

We believe internal culture is important and senior staff must communicate to lower level staff to keep looking for opportunities and also to consider the recession as a short-term event.

33 year Recession Marketing Literature Review Findings (98 in total)

Macro Actions (1 of 16 Macro findings in report)

Recent PIMS (Profit Impact of Market Strategy) study of 1990's data showed that firms should aggressively invest in marketing innovation and quality to come out of recession in strong position

Strategic Actions (1 of 64 Strategic findings in report)

You need to redefine your market segmentation.

Tactical Actions (1 of 15 Tactical findings in report)

Bundle products in new ways to avoid having to give a price cut.

Implementation Actions (1 of 3 Implementation findings in report)

External marketing communications also have the benefit of improving the morale of internal employees.

2 of the 16 Best Marketing In Recesion Articles (1975 -2008)

(1975). Marketing in a Recession: Comments from our Readers. Journal of Marketing. July. 78-79.

This article comprises the letters to the editor section of the journal. It has diverse advice from consultants, marketers and academics. It is one of the more comprehensive articles located in the review. The issues and recommendations raised cover macro, strategic, tactical, and implementation issues. In addition it covers competitor, consumer and company/competence issues.

Goodell, P.W., and Martin, C.L. (1992). Marketing strategies for recession survival. The Journal of Business and Industrial Marketing. 7(4). 5-16.

The early 90s recession motivated these academics to develop a comprehensive analysis of macro and strategic issues marketers must deal with. They suggest a first response is to determine if you will take an offensive or defensive posture. The issues raised go beyond marketing (although they cover marketing well) to consider board level issues with a long term company wide focus. Eg R& D expenditure.

Report and Workshop Prices

Marketing in a Recession Report

\$4995 plus GST (or two payments over 30 days of \$2750 plus GST)

The report synthesizes information from the following two sources into decision-making steps and structures providing strategic choices for your organization:

- a) Two focus groups of the most senior marketers in Australia and
- b) An international literature review of 33 years of past recession marketing research and literature

Marketing in a Recession Workshop

\$2,000 plus GST

This interactive workshop presents the findings from ongoing interviews conducted by the report authors and industry specialists. The two hour workshop is structured;

- a) an initial 30 minute presentation with two authors/specialist
- b) followed by 1.5 hour open-ended discussion where questions can be put to the authors and advisors as well as questions being put to the client

For purchase enquiries and ordering please email the authors at: recession report @gmail.com or ring Michael Valos on 0408598824