INVESTING IN BRAND DURING A RECESSION

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An overview of brand building

You have to invest in your brand to grow.

Zag, when they zig

You can and should invest during a recession.

What to know and do

Things to consider before making immediate decisions with long-term impact.

A overview of brand building

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BRAND BUILDING

AKA: brand campaigns, brand efforts

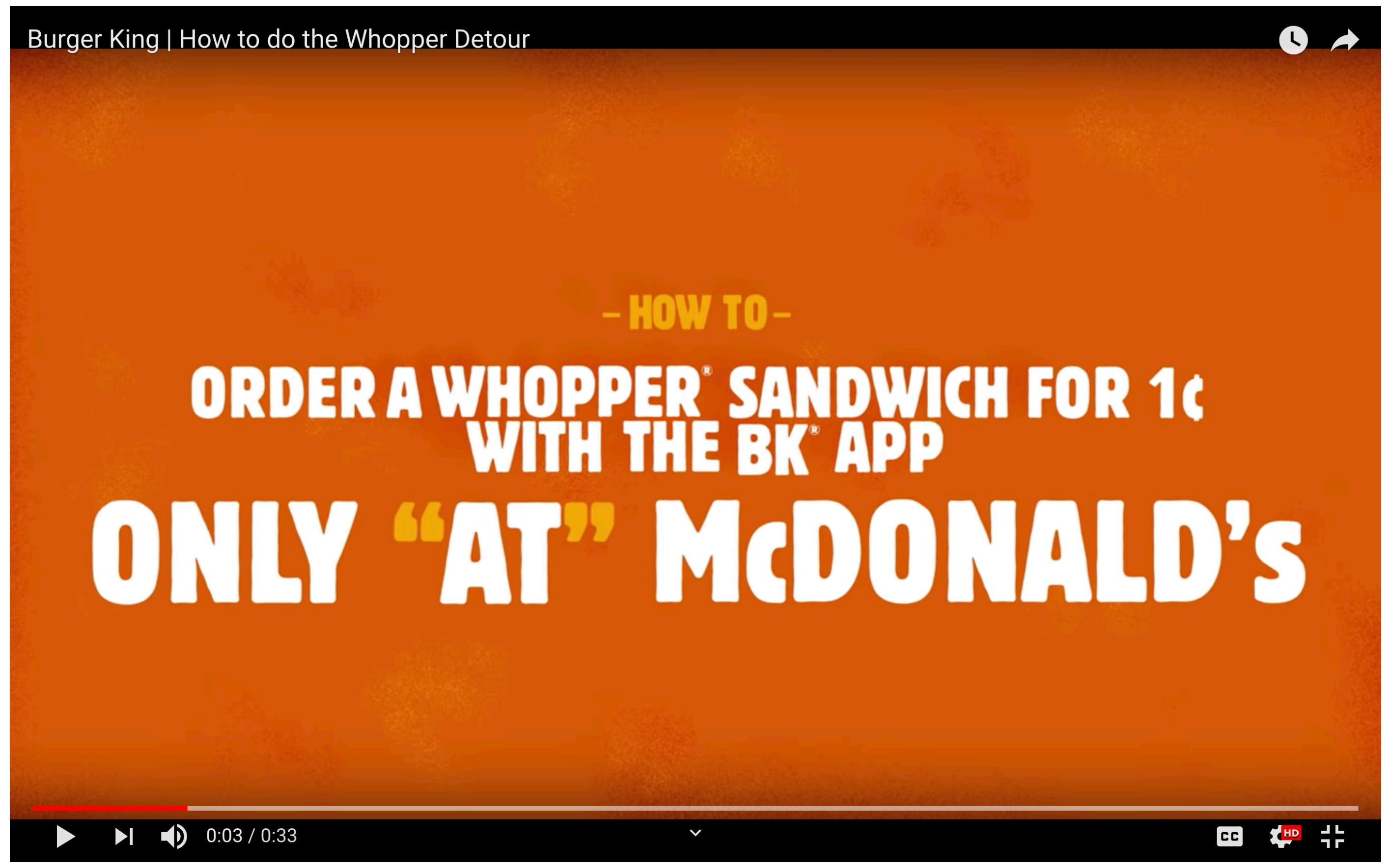
Campaigns designed to increase long-term demand, brand equity, and market share—not short-term sales.

EXAMPLE: Burger King, Eat Like Andy

SALES/PRODUCT ACTIVATION

AKA: activation campaigns, short-term sales efforts

Campaigns designed to drive direct response and short-term sales performance.



EXAMPLE: Burger King, Whopper Detour

Binet and Field, Institute of Practitioners in Advertising, 2013

Brand building and sales activation play different roles.

BRAND BUILDING

Creates memory links

Emotional priming

Influences future sales

Broad reach

Large, long term effects

SALES ACTIVATION

Converts memory into action

Rational messages

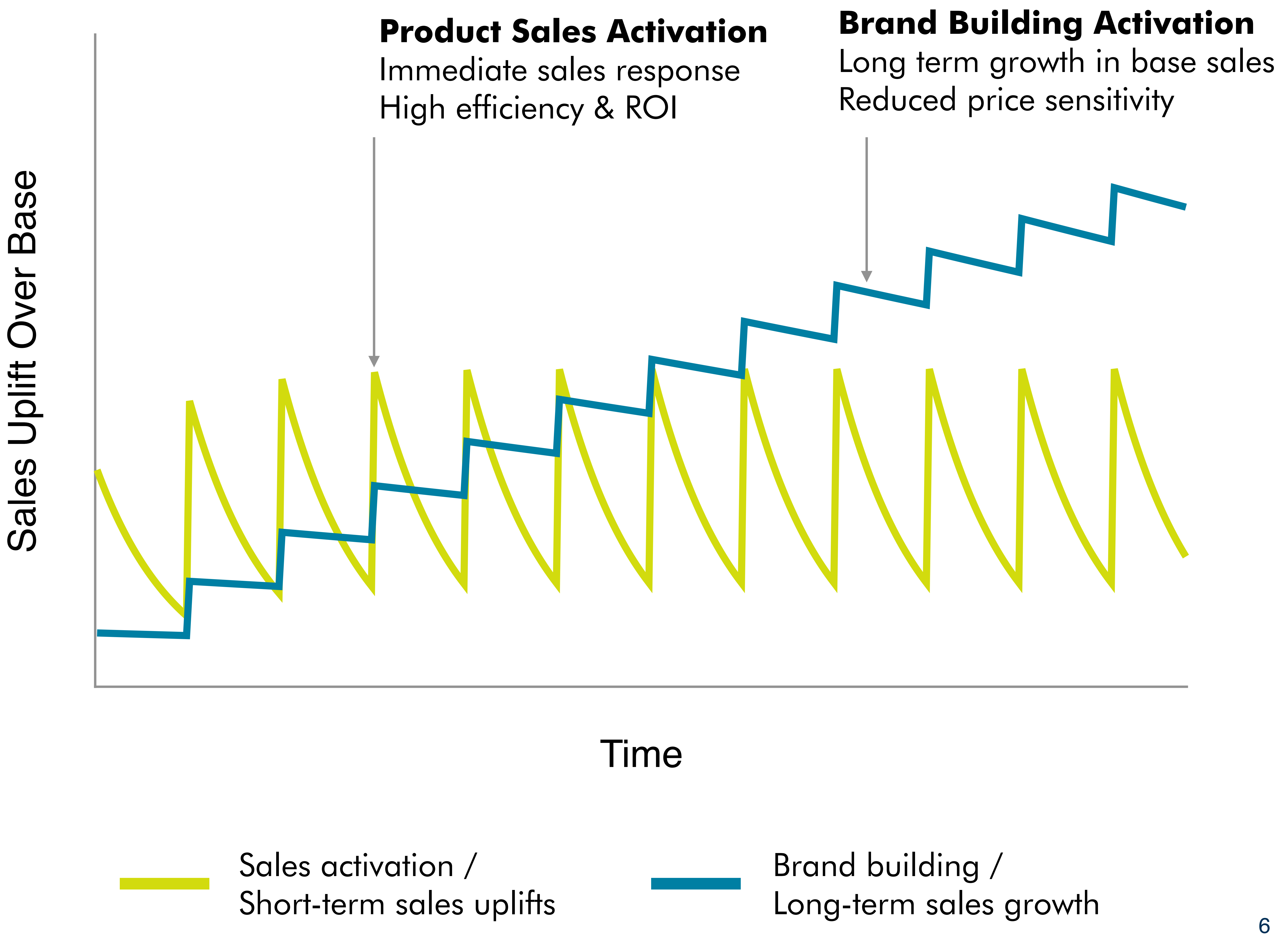
Generates sales now

Tighter targeting

Small, short term effects

Binet and Field, Institute of Practitioners in Advertising, 2013

If you don't invest in brand building, your business will not grow.



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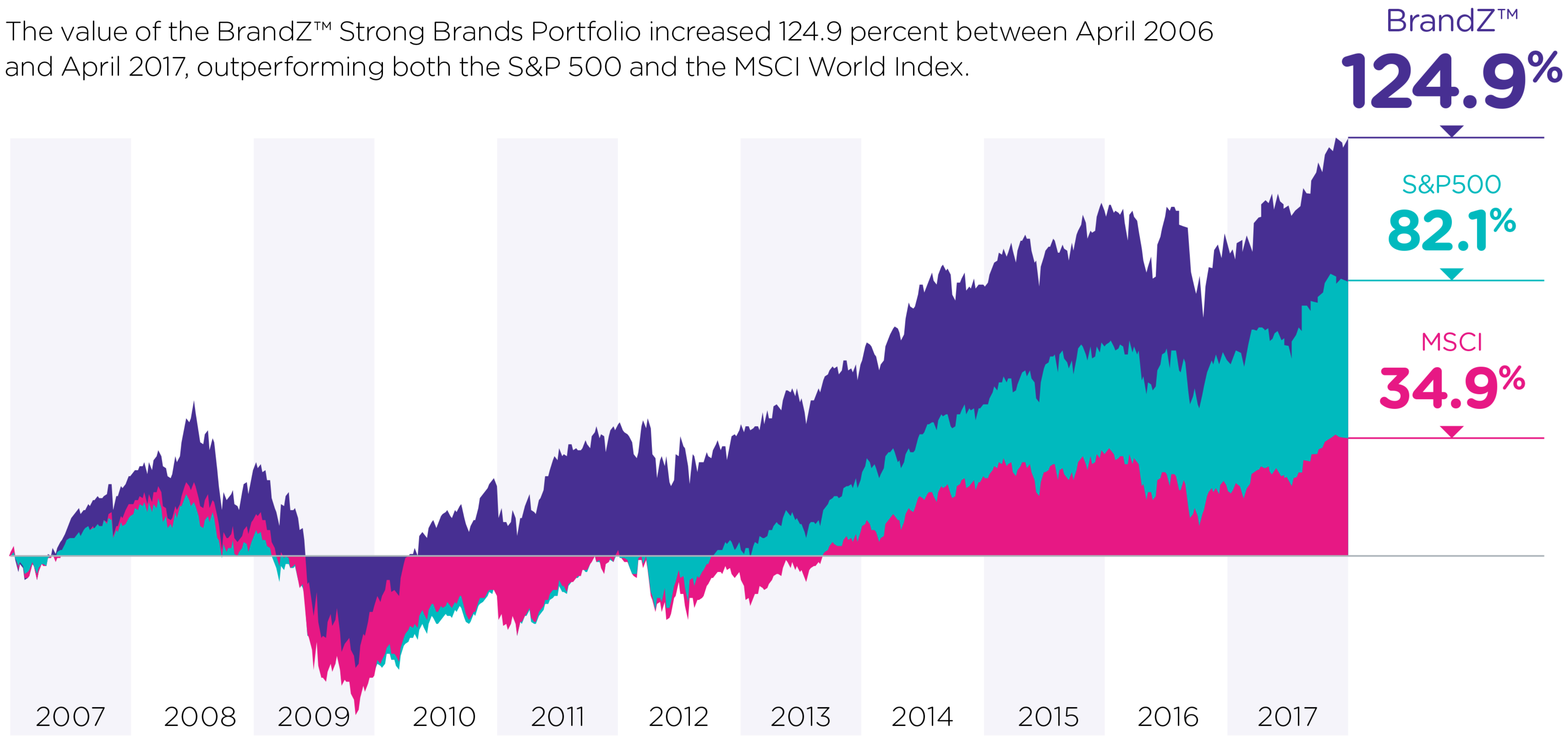
Strong brands outperform the market in good and bad times

Strong brands recovered nine times faster after the financial crash of 2008.

BRANDZ™ STRONG BRANDS PORTFOLIO VS. S&P 500 VS. MSCI WORLD INDEX

The value of the BrandZ™ Strong Brands Portfolio increased 124.9 percent between April 2006 and April 2017, outperforming both the S&P 500 and the MSCI World Index.



Source: Kantar Millward Brown / BrandZ™
The BrandZ™ Strong Brands Portfolio is a subset of the BrandZ™ Top 100 Most Valuable Global Brands.

BrandZ™ is the largest global brand equity platform covering over 100,000 brands across 45 countries. It's the only brand valuation ranking that measures the contribution of the brand that is validated to in market sales.

Kantar Millward Brown/BrandZ

Zag, when they zig

You can and should invest during a recession.

“The natural reaction of many businesses experiencing a downturn in their revenue is to cut costs in areas like advertising and promotion. Our findings prove that they should do exactly the opposite if they are to ride out a recession and thrive thereafter.”

Keith Roberts, Managing Director of PIMS Associates

“What strategic investments should you make during a recession to gain competitive advantage in recovery”, 2011

Here's the gist…

Most companies cut back on advertising during a recession—reducing the clutter and increasing the effectiveness of those who do advertise.

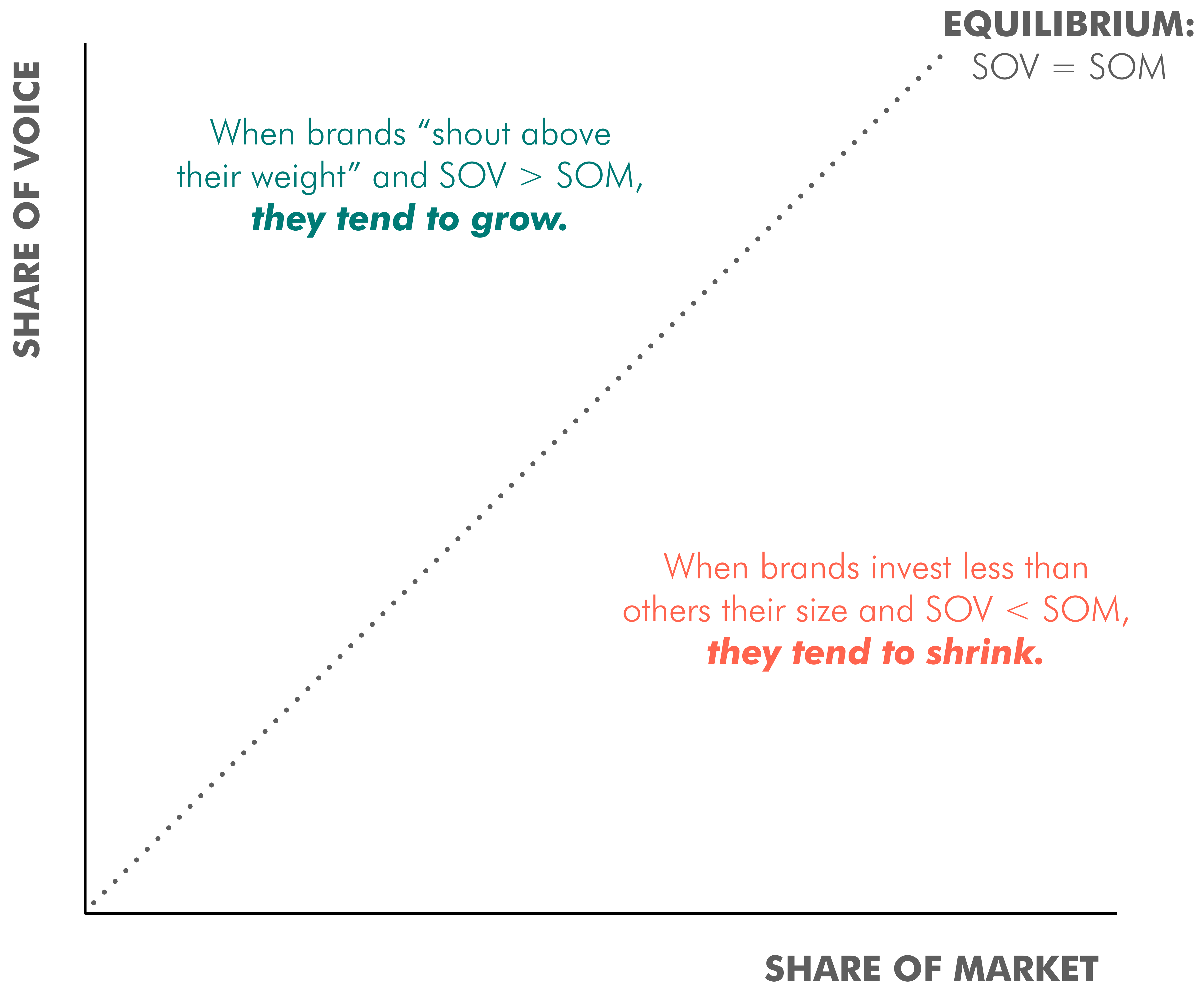
The economy recovers, every company increases advertising—once again leveling out the playing field for all.

But the company that chose to advertise had a higher share of voice during the recession, and therefore, will more likely a higher market share after it.

As bigger brands relinquish share of voice, this spells opportunity for others.

To grow, *share of voice* has to be greater than *share of market.*

Your dollars work harder in a quieter, uncluttered environment.



Binet and Field, Institute of Practitioners in Advertising, 2013

Binet, L., & Field, P. (2013). The long and the short of it: Balancing short and long-term marketing strategies. Institute of Practitioners in Advertising

Recessions breed tomorrow's market leaders.

There is nearly a century worth of research that shows that companies that maintained their ad investment generated higher growth than those who reduced their budget and went dark during past recessions.

What to know and do

Things to consider before making immediate decisions with long-term impact.

The long-term opportunity of investing during a recession

Increase in market share
Based on previous recessions, companies that maintained their marketing spend gained 0.9 percentage points. And those that increased their spend gained 1.7 percentage points of market share.

Increase in profits
Based on previous recessions, businesses that maintained their spend had a 0.6% increase in profit. And those that increased saw an average increase of 4.3% in profit during recovery.

International Journal of Business and Social Science 2015

What to know, *if you choose to go dark or reduce spending…*

Cutting too much or for too long will cause damage.
Companies that cut spending can expect a slower recovery when the economy improves and a decrease in sales and income over the next two years.

Adweek, Marketing in a Recession: 10 Things to Remember, 2009
The Advertising Research Foundation, When Brands Go Dark, 2018
Millward Brown, Marketing in Uncertain Times, 2011

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Companies that go dark end up spending more to regain market share after the recession—compared to the cost of maintaining. If advertisement cannot increase, fight to keep your current level.

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Your creative needs to work harder and be more memorable.
When brands have increased their awareness while their share of voice declined, more of them have gained market share than lost it. While your results will be more substantial if you also increase share of voice, *great* creative work can carry some of the weight.

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What to do,
if you choose to maintain or increase spending…

Search for new creative, media, and audience opportunities.
Listen and watch how people react in order to adapt with them. It might be a case of optimizing messaging and media or developing completely new positioning and ideas for a new audience segment.

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Focus on the brand over short-term sales.
It's easy to lean into product promotion, as many brands do, but it can have adverse effects on your brand. Now is the time to communicate and demonstrate your brand's purpose and core values that are needed the most.

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Be extra conscious of current customers' needs.
It is tough to get new customers during a recession, so find ways to go above and beyond for the ones you have. Ask them what they need and be willing to respond at all stages of your brand's customer journey.

International Journal of Business and Social Science 2015

"The key is to understand how the needs of your customers and partners change and adapt your strategies to the new reality."

John Quelch, Harvard Business School Professor

Thanks

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