

The DIY Corporate Bailout Kit

Forget Washington, Marketers Just Need A Sound Customer Strategy to Thrive in an Economic Storm

By Dennis Armbruster

Like it or not, we're living in a do-it-yourself world.

Empowered by a bottomless pit of digital information, every John and Jane Doe can find the necessary know-how to bypass a professional and save a few bucks with just a little elbow grease. Sweat equity, I think they call it.

The latest tax software allows me to prepare my annual returns in my underwear. A little advice from the home and garden station on TV and I'm adding on to my back deck. Eat your heart out Bob Vila.

What better time than a recession to embrace this money saving, go-it-alone philosophy?

While Washington dons a cape and saves the day for Wall Street and Detroit, millions of other companies are forced to face the bleak economy without superhero assistance. Now that the U.S. has officially entered a recession (like we really needed the technical data to know), cost-conscious companies are bound to be scouring budgets for spare change.

The tendency to take a hatchet to your marketing budget, rather than a scalpel, may be a knee-jerk reaction that could leave a company suffering when it should be on the favorable side of an upswing. Rather than furious cuts, companies should be fine-tuning their marketing plans for maximum efficiency.

The following strategies provide a blueprint for marketers to operate during uncertain financial times while making an investment in the next economic comeback.

Move from mass to targeted

It's no secret that during a recession every division will most likely be asked to tighten the belt and operate lean. The scenario presents a perfect opportunity for marketers to invest more in their best customers. We know that regularly, 20% of a company's customers represent 80% of total sales. Any significant fallout with this core group could mean a serious hit to total sales volume.

Marketers should allocate dollars to target their best offers and communications to their most loyal customers. Too often, mass marketing efforts are catch-alls that ignore the groups that are already familiar with your company. It's the "bread and butter" customers that need only a reminder of how much they enjoy your product to motivate a buy. You'll need to make some hard decisions – like shifting focus (and dollars) from the more costly goal of activating new customers. But a down payment in your most frequent shoppers is the best bet to keep the register ringing.

Leverage your loyalty program

A logical segue from the previous tip, your loyalty program is already an established communication line between your business and your best customers. Are you using it to the fullest potential?

What better time than a down economy to remind consumers of your value proposition with a casual “we’re still here” poke? Use customer data to extend relevant offers that you customers cannot refuse. And sweeten the pot with soft benefits that are relatively inexpensive to offer but make a wary consumer feel as if they’re being pampered.

Detect early warning signs

When it comes to economic recession, those that are last to know (or last to accept) are usually left standing out in the cold. Changes in customer purchase velocity are the first signs of trouble. Good thing you have all that customer data on hand, and can see the trouble coming a mile away.

Let’s say a high value customer shops and makes a purchase on average of twice per month for the past 24 months. Then, you realize that over the most recent two months, that customer’s buying trends closer to once a month, or even less. Your customer retention alarms should be sounding. An event-triggered email with a relevant offer is the ideal tactic to get a valued customer back in the store when their interest appears to wane.

Be warm. Not fuzzy.

It’s important when marketing in a recession to know which battles to pick and when to wage them. It’s fine to know that being green is a hot topic, or that organic products are all the rage – but the only green that weathered consumers want to hear about is the extra money they can save.

Now is the time to combine a clear message of value with an empathetic payoff, all while staying true to your brand. Let the customer know that you understand their plight and your company is in their corner. You may need to temporarily abandon that cutting edge green campaign, but the consumer will reward you when they know that your focus is firmly with them.

O.P.M. is a good thing.

O.P.M. – or partnering your marketing spend with other people’s money – can be an effective way for suffering companies to join forces and combat sagging ROI. Pooling marketing dollars with logical allies, such as retailers and manufacturers, to create relevant offers is an oft-overlooked way to cut costs while not reducing overall visibility.

O.P.M. not only benefits your company or the partner, it’s also a win for the consumer. Often retailer-manufacturer partnerships will yield double rewards, bonus points and overall extended value.

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