

Advertising in Recession: A Competitive Strategy to Crush Small Players

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ABSTRACT

Advertising is an important part of marketing, it's a form of communication that includes the name of the brand, its product or service and how that product or service could potentially benefit the consumer. Recession is a business cycle contraction, a general slowdown in economic activity over a period of time. Due to this slowdown organizations often tend to reduce their advertising budget. This paper attempts to throw a light on how innovative advertising can help the organizations generate recall of their brand and why sometimes it is necessary not to reduce the advertising budget during recession so that the brand comes out to be a stronger one when this economical slowdown is over. This is the real time when major companies can wipe out small competitors who won't be able to survive recession with help of innovative advertising strategy.

Keywords: Advertising, marketing, communication, recession etc.

INTRODUCTION

In economics, a **recession** is a business cycle contraction, a general slowdown in economic activity over a period of time. During recessions, many macroeconomic indicators vary in a similar way. Production as measured by Gross Domestic Product (GDP), employment, investment spending, capacity utilization, household incomes, business profits and inflation all fall during recessions; bankruptcies and the unemployment rate rises. Recessions are generally believed to be caused by a drop in spending. Governments usually respond to recessions by adopting expansionary macroeconomic policies, such as increasing money supply, increasing government spending and decreasing taxation.

Advertising is a form of communication that includes the name of the product or service and how that product or service could potentially benefit the consumer. Advertising often attempts to persuade potential customers to purchase or to consume a particular brand of product or service. Modern advertising developed with the rise of mass production in the late 19th and early 20th centuries. **Advertisement** can be referred to as the act of advertising; a notice, such as a poster or a paid announcement in the print, broadcast, or electronic media, designed to attract public attention or patronage. In brief, it is a paid form of notice or announcement that makes something known to the public.

Commercial advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers. Different types of media can be used to deliver these messages, including traditional media such as newspapers, magazines, television, radio, billboards or direct mail. Advertising may be placed by an advertiser on behalf of a company or other organization. Although there are many types of advertising but in today's time television advertising is the most important one because of the kind of impact it can generate through some strong visual effects as well as audio and since it is

so effective, it is the most expensive also. In recession also, companies must continue to promote and advertise its products/services to grow the brand further but the strategy can be modified.

ADVERTISING IN RECESSION

Recessions are tough to cope up with, but since the organizations can't regulate the economic environment they'll have to cope up with that with the help of available resources and adapted strategy. For any organization to survive, promotion of its brand, its products or services is essential even in recession. Since the investment has to be cut down it would affect marketing (that includes advertising also) budget too and hence the advertising strategy should also be altered. But still promotion has to be continued and it should be more affordable, at the same time effective also so that the companies can continue to make their presence felt and remind the public that they still are the best in business and recession has not made them pack their bags. When it comes to advertising and promoting brands and products/ services, companies would do well to align their advertising strategies in line with what works in recession.

Understanding how the consumers would react to recession is really critical, if the companies can read their mind it would be beneficial. People will be much more careful in selecting the right product or service for them. Impulsive behavior will drop. Marketing strategies that lower perceived risk will flourish. The shifts in media budgets will be huge, big media deals will stay for a while but short term buying can easily be chopped off. When the marketing budget is heavily reduced, innovation is the key to stay in the limelight without spending much on advertising. It is very important to understand that the advertisements should be liked by the target customers because only then they will pay attention to it, if so then it will create awareness about the product/service offer by a specific brand and consequently it would generate recall of the brand. This is the time to know more than ever how consumers are redefining value and responding to the recession. Price elasticity curves are changing. Consumers take more time searching for durable goods and negotiate harder at the point of sale. They are more willing to postpone purchases, trade down, or buy less. Must-have features of yesterday are today's can-live-without. Trusted brands are especially valued and they can still launch new products successfully, but interest in new brands and new categories fades. Conspicuous consumption becomes less prevalent.

REVIEW OF LITERATURE

Robert M. Brecht (2009) explained that companies that maintain their marketing budgets or increase them during a recession do far better than companies that reduce spending. The results include both businesses-to business and business-to-consumer companies. The effects last long after the recession and can be measured in sales, market share and profits. "Advertising aggressively during a recession not only increases sales but increases profits and at a far greater rate than for firms that reduced marketing. that firms placing a strategic emphasis on marketing were more likely to maintain or increase marketing during a recession. A strategic emphasis means that these firms already had programs in place to help them get value from their marketing, e.g., well recognized brands, differentiated products, targeted communications, good customer service, etc. The rationale that a company can afford a cutback in advertising (during a recession) because everybody else is cutting back is fallacious. Rather than wait for business to return to normal, top executives should cash in on the opportunity that the rival companies are creating for them. The company brave enough to stay in the fight can bring a dramatic change in market positions. A good example is the marketing of Hyundai Motors. With automobile sales down 25% to 40% over previous years, most auto makers reduced marketing. Not Hyundai.

They increased advertising and came up with the “Hyundai Assurance” program, offering to buy back the cars if a buyer lost their job. In January of 2009, Hyundai sales increased 14% while other manufacturers were down 30 and 40 percent. With that increase in sales, came increased market share. They also solidified their brand in the mind of consumers.

John Quelch(2008) stated that recession period is not the time to cut advertising. It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times. Uncertain consumers need the reassurance of known brands, and more consumers at home watching television can deliver higher than expected audiences at lower cost-per-thousand impressions. Brands with deep pockets may be able to negotiate favorable advertising rates and lock them in for several years. If you have to cut marketing spending, try to maintain the frequency of advertisements by shifting from 30-second to 15-second advertisements, substituting radio for television advertising, or increasing the use of direct marketing, which gives more immediate sales impact. In tough times, price cuts attract more consumer support, that’s why in recession marketers should price smaller sized packs more aggressively. In recession, customers will be shopping around for the best deals and hence, companies may need to offer more temporary price promotions.

Warren Boxter(2009) stated that when the market goes quiet, successful brands typically increase their presence with strong branding activities. Moreover, research suggested that these brands position themselves to bounce back better than other brands when the market cycles up. He emphasized that companies should put efforts on maintaining or increasing its brand presence in an authentic manner that is consistent with its promise to their consumer if their brand is about luxury and exclusivity, offering low-end products to attract more buyers will only decrease consumers’ perceived value of their brand. Consumers need reassurance they are making the right choices .If your marketing activities create mistrust by under-delivering on their expectations of your brand, consumers may quickly switch to a safer (less expensive) alternative. He also said if the company remains focused on its brand promise and consider it at every touch point, it will maintain customer loyalty, inevitably elevating its market position and share when the economy cycles up.

Rodger Banister (2008) emphasized on advertising during recessionary environment by stating that in a recession there is a slowdown of consumer spending, not a complete halt. Consumers will continue to consume, and they will spend their discretionary dollars on products and services from companies that inspire their confidence. So, running and hiding from your potential and current customers by reducing your visibility during a time of recession is the last thing to consider. Secondly, there is much less advertising clutter for consumers to wade through. Getting your marketing to stand out during a time of recession is much easier than during economic expansion. He also pointed out that during period of economic uncertainty, current customers of a company need reassurance that the company will continue to serve them as it always has. To demonstrate your leadership and instill confidence you need to actively and consistently communicate with them. Renowned loyalty marketing expert and author, Frederick Reichheld (1996) says: “It takes five times more money, time and effort to acquire a new customer than it does to keep an existing one”.

Current customers also become more profitable the longer they stay. So don’t ignore them, create a dialogue with them. They may not spend as much during this period, but they will reward your leadership with their loyalty when the economy rebounds. A McGraw Hill/American Business Press research study of business practices during the 1981-82 recession reveals that companies

that maintained or increased their marketing and advertising spend during the recession experienced an average of 256% higher sales than their competitors who reduced their marketing over the same period. What is really telling about this research is that the sales figures quoted stayed constant for three years after the recession had ended.

Some of the most important factors that should be kept in mind when the recession is going on can be-

Keep Walking: It is important that companies continue to make their voices heard or rather one should say make their presence in the market felt in recession too as advertising in recession gives a bigger cut in the pie where most companies cut back on their budgets. To keep promoting one's brands in a recession would mean grabbing more eyeballs i.e. more exposure, lesser clutter and better brand recall by consumers. If possible increase the advertising budget, increasing spending increase the company's share of voice. If the competitors cut back their advertising, the message of the company has to grow stronger. Be more aggressive in marketing the products so that these products/services of the company become the first choice of the consumers even in times of recession. Strengthen your market position against weaker rivals. The researches conducted in the past show clearly that the strongest, most successful firms can use the opportunity of an economic slowdown to attack their weaker rivals.

Smaller and Frequent: Advertisements should be shorter in duration and keep repeating more frequently than usual, when compared to lengthy advertisements. This way, companies can save on their budgets and they could stay in public view for long. Of course, campaigns should be creative and not seem repetitive and monotonous. Lengthy advertisements will require more budgets for the media than the shorter advertisements and by bringing in with frequent short duration on air commercials companies can continue to be in the public eye. 15-second ads are just over half the price of 30-second ads, but on average three-quarters the strength (so, you might want to use multiple 15-second ads to maintain on-air strength). 15-second ads are best used when there are clear-cut benefits/messages and when the goal is to maintain brand awareness and loyalty.

Be Bold: Companies should not sound as if they are trying to sell something hard. In recessionary periods, consumers can read through desperate advertising campaigns. For instance, there have been ridiculous promotion campaigns during economic gloom as the real estate firm that sold one flat and gave one flat away for free! Being self-assured gives a sense of assurance in the minds of consumers.

Focus on a brand's core base, instead of going after more expensive new customers.

If a brand has made its bones on humor, don't be quick to change that. Acknowledging bad times might feel right, particularly if a recession is protracted, but consumers may not want to be reminded of that fact. And a little entertainment can go a long way, if humor was right for a brand in good times, it's even more right for the brand in bad.

As it is a fact that innovation is always required but more so in recession as there is a tendency to cut back the expenses and that would include marketing budget too and hence it would not be wrong to say that advertising budget will be adversely affected. With that reduced budget only the company has to promote the brand and effectively. Only those companies who can successfully utilize this situation through creativity and innovation will always emerge as a stronger brand when the economy is back to normal. Reason being that its small competitors might not be able to cope with the recession and would either wind up their operations or they

would be taken over by the major operators who are still as stronger in comparison to the smaller ones as they were when economy was normal or recession had not set in.

SUGGESTIONS

1. Develop a new concept rather than relying on popularity of a celebrity

Campaign like Whirlpool's "Mummy ka magic chalega kya" has been able to create a lot of buzz about Whirlpool as well as its washing machines & refrigerator for which the campaign was designed. It was a creative rendition of a smart homemaker in control of all her washing challenges, even stains (talking about the advertisements of washing machines). According to FCB-Ulka, the result was high awareness: during the campaign period, Whirlpool achieved all time high advertising and brand awareness scores of 67% and 69% respectively, completely eclipsing all other brands. 'Mummy ka magic chalega kya?' became a popular catch phrase with the consumer, coming out as the strongest element recalled in research. Whirlpool market shares moved upwards, from 17 to 21% in semi-automatic segment and 26% to 31% in fully-automatic segment. In effect, Whirlpool became leader in semi-automatic (value-wise) and fully automatics (value and volume-wise) in year 2001-02 when the campaign was launched. Although during that time economy was not experiencing recession but if these kinds of campaigns are launched during recession then the companies would gain a huge recall value because of the campaign being innovative.

The Whirlpool Mummy was played by Amrita Saluja who was not a big name then but after the success of the campaign she became hugely popular, symbolizing new age homemaker who is a working professional too and not only a traditional women in charge of home affairs only. This way the company saved the budget that it would have to spend if they had undergone an endorsement deal with a celebrity. That is the reason innovation is the key and if the concept is of high quality it would definitely strike a chord with the prospective customers with or without the presence of a popular or well known face in it. If the promoters can afford to invest in an endorsement deal with a known celebrity its good but if not then just try to make a new concept or idea the hero.

An example of expensive deal can be of Reliance Communications going into a deal (for three years) with Hrithik Roshan who reportedly got around 5-10 crores annually for promoting newly launched GSM service in June-09, around the same time the Vodafone ZooZoo campaign also created a huge buzz without featuring a star or celebrity.

2. Use of catchy Punch lines i.e. those that can generate interest or attention

A punch line is the climactic phrase or sentence in a joke, speech, advertisement, or humorous story that produces the desired effect.

When a Marketer launches any new brand, the general idea is that initially he has to increase the awareness among the target customers by differentiating it from the existing competitors offering similar product/service. For that he has to highlight the most significant quality or rather one should say it's USP (Unique Selling Proposition). In recession, it is advisable to launch new advertisements of products or services with very attractive/catchy punch lines that stay in the memory of people as it would consequently increase the recall value of the brand. Instead of relying on expensive advertisements featuring a celebrity, these attractive punch lines can be made use of to get the attention of the people that would include target customer base too.

Some of the famous punch lines of various companies:

1. Nike - Just Do It!

2. Nokia - Connecting People!
3. Coca Cola (India) - Thanda Matlab Coca Cola!
4. Pepsi (India) - (i) Yeh Dil Mange More!
- (ii) Yehi Hai Right Choice Baby!
- (iii) Nothing Official About It!
5. Fevicol - Fevicol ka mazboot jod hai, tootega nahi!
6. Onida - Neighbors' envy owners pride!

Although Pepsi spent a huge amount on celebrity endorsements but at the same time its punch lines have been found to be one of the kind that would stay in mind for comparatively longer duration than that of its global rival Coca Cola. These punch lines have been able to create a huge brand recall for Pepsi India. If we really want to appreciate the value of punch lines, then imagine an advertisement without any punch line. It looks like a dumb. So basically the punch line is the voice of the brand, which primarily gives thrust or impetus to push the brand in the mind of the customer.

3. Utilise sponsorships

This kind of awareness advertising gives the business valuable exposure to target core audiences. For those brands which generally stay away from sponsorship, need to consider that all sponsorship does not require massive budgets. If we ignore the 'guerrilla' or 'ambush' tactics of non-sponsors, there are plenty of ways to spend cleverly and maximize return on investment. It is important to understand that just as brands are struggling to justify big budgets in sponsorship in times of recession; it's the same for rights holders who are in many cases have to cut their prices. They also become considerably more flexible than ever before to attract a different kind of sponsor and tailor packages to the budgets of all.

4. Ambush Marketing

Ambush Marketing means when companies try to pass themselves off as official sponsors when they are not. Most of the advertisements are done during a major event (generally sporting events because of their popularity). An organization that is indulging in this kind of marketing deliberately tries to associate itself with the event as if it is one of its official sponsors (without paying the sponsorship fee). It is the act of concealing yourself and lying in wait to attack by surprise. Reason for having that kind of approach is that smaller companies just can't afford to be the official sponsor as the required sum is huge. So if the company doesn't want to sponsor the event in order to save the sponsorship fee it can go for ambush marketing. Ambush marketing is opportunistic; its goal is to take advantage of situations that allow brands/products to get extra exposure at minimal cost. Sometimes that involves going right into the lion's den and clashing head on with a competitor who dominates the main message dissemination channels. Sometimes it requires stealth and more guerrilla-like tactics. One of the most well known example is of Coca Cola-Pepsi controversy during Wills World Cup of cricket that was played in India, Pakistan & Sri Lanka in year 1996. In that event, Coca Cola was one of the associate sponsors of the cup for which they had paid reportedly Rs.40 crores to the organizers but Pepsi's campaign that had the punch line "Nothing official about it" was so strong that it got a huge attention from the audience and public started relating Pepsi with the World Cup although the actual co-sponsor was Coca Cola and not Pepsi. Some of the biggest stars (of cricket) like Ajay Jadeja, Mohd. Azharuddin, Dominic Cork, umpire Dickie Bird and many more were endorsing Pepsi, Coca Cola's biggest rival.

5. Advertising campaigns using creatively designed cartoon characters

One of the most famous campaigns seen so far has been Vodafone's ZooZoo campaign, it created a lot of interest and curiosity among all the segments of society be it young or old. ZooZoo campaign was launched to promote the **value added services (VAS)** of Vodafone in May 2009. The company was trying hard to capture the VAS space because it is a potential cash flow for the cellular operators. They also wanted to make the most of IPL2 season. It is well known that IPL is a crowd puller but at the same time it is marketers' nightmare because of the clutter, it attracts all the deep pocket advertisers and to stand out, one needs to think out of the box. Thus, ZooZoo was born, ZooZoo is a semi alien, semi-human character living in an earth like place (lot of which is left to the viewers imagination). These are very simple beings that are very expressive. They have a child like simplicity around them and thus have an emotional and personal attachment with the consumers. Another factor that contributed to the success of ZooZoo advertisements was the scale of the campaign. Reports suggest that around 25 different ZooZoo ads were aired during IPL2 season. The unprecedented scale kept the curiosity high among the viewers. It, in fact, dwarfed all the other advertisers in that season.

The ZooZoo advertisements have helped in increasing customer base for Vodafone in the last quarter with a sharp increase of 4.2%, from 17.5% to 21.7%.

The mascot of Pepsi's 7Up (Fido Dido) is still in the memories of a large no. of Indians even when those advertisements have been taken off air years ago.

Another case that can be mentioned here is that of DOCOMO, the GSM service launched by Tata Teleservices Ltd. (TTSL) in the second half of 2009. Needless to say, it had created a huge buzz in the market even before the service was launched due to attractive advertisements. Since the plans i.e. tariff etc. were also according to the likings of target customer the company generated a lot of curiosity which led to large number of mobile users switching towards it even in times of recession. Its success forced its competitors to launch similar kinds of plans for their customers fearing that they might switch over to DOCOMO.

6. Take advantage of emerging touch points and synergies

While TV is often the strongest single-reach element of a multi-media plan, other touch points can be just as effective at motivating consumers and are often less expensive (e.g., print and web). Internet has come up as a strong medium for advertising thanks to the enormous growth of internet subscribers' base (especially in Indian context).

CONCLUSION

Creativity and innovation will always be very important in advertising, advertisement must be as attractive & interesting as possible irrespective of whether it is featuring a celebrity or not. It is essential that the companies continue to advertise to make their presence felt in the market even in recession, to do so advertising budget should not be reduced but if they have to cut down that at all, an adapted strategy should be applied so that the quality of advertisements doesn't go down. For doing that, it may be suggested that rather than going for expensive deal with a celebrity, companies should look for innovation and creativity. This is the time when the companies can attack their weaker rivals who would be bound to reduce marketing efforts in this tough time and may not be able to survive recession. Innovation will make the company that continues to promote its brand grow further and its market position will become stronger. In recession, when even consumers cut down their list of what they have to buy, companies must ensure that their brand is always fresh in the memory of target consumers so that whatever they buy is from their company only. Innovative advertising campaigns might well be the key to success in this context.

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