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Capitalizing on Marketers' Tough Times

Savvy Planners Stay in the Game, Take Advantage of Opportunities

By Mark Dominiak, Special to TelevisionWeek

Media plans are often among the casualties of fear and belt-tightening during tough economic times. One of the first things many marketers do is cut back on their marketing programs.

There has been plenty of news over the past few weeks about marketers who have done exactly that. Advertising Age recently reported an expected $600 million cut to advertising and promotional budgets of U.S. automakers over the next four years, dropping from $3.2 billion to $2.6 billion. Federal Express and many other advertisers have bowed out of the Super Bowl after a multiyear presence.

Spending cuts are not just affecting the marketers of autos and express delivery services.

Media Post last week cited a study by Anderson Analytics for the Marketing Executives Networking Group in which more than half of the marketers surveyed said their budgets will be cut in the coming year.

Many marketers are in dire straits. Retailers including Linens and Things, the Bombay Company, Lillian Vernon, Sharper Image and KB Toys have closed or are in bankruptcy. Circuit City shuttered hundreds of stores prior to the holiday season. Many other retailers are operating under uncertain circumstances.

Despite the serious economic conditions facing marketers and any media planner's specific client, recessionary times like these are outstanding opportunities for advertisers. Remember the scene from "It's a Wonderful Life" when George Bailey implores the members of the building and loan not to run to the bank and trade in their shares for 50 cents on the dollar. "Don't you see what's happening? Potter isn't selling, Potter's buying, and why? Because we're panicky and he's not, that's why. He's picking up some bargains."

Times of economic turbulence are perfect for marketers to dive in, or to simply stay the course and pick up consumer communication bargains at the expense of panicky competitors. Media planners must do their part in these types of situations to keep clients focused on the opportunity inherent in a volatile market and lobby to keep the integrity of media plans in place.

For those planners currently having—or soon to be facing—resource-cutting conversations with clients, here are a number of rationale points you can use to argue in favor of maintaining resources through these tough times.

Conservative Consumer Behavior

Plenty of recent news has dealt with consumer skepticism about the economy and a trend against spending. It's true that consumers are spending less. They are cutting back on all sorts of behaviors: shopping, traveling, entertainment and consumption of higher-cost brands, among others.

That means the poor economy has given consumers incentive to curtail time devoted to out-of-home activities, spend more time indoors and move discretionary leisure time to activities that don't incur a high cost. That has a number of benefits for advertisers.

More time in the home will certainly mean more hours devoted to television viewing. Whether it's traditional broadcast or cable offerings, on-demand programming, video streaming or DVD rentals, viewing on the small screen is less expensive than visiting the multiplex or other high-cost entertainment alternatives.

It's likely that other in-home activities such as Internet usage, video gaming and at-home entertaining will enjoy a higher allocation of leisure hours as well. Time invested in handheld devices also should see an increase.

The over-arching benefit for advertisers may be that consumers are in a more receptive mindset. In an active environment outside of the home, there are plenty of distractions; driving, cell-phone use or simply people and things constantly moving about that divert attention.

Consumers at home are spending their leisure time in an environment free of that steady flow of distractions. Messages delivered in a less-distracting environment via television, magazines or the Web have a better chance of connecting.

Less Clutter

Along with news of advertising spending cutbacks comes news of media companies' stagnant or declining ad revenue growth. In short, if fewer ads are being placed, there are fewer ads to clutter up the environments in which they appear. Remaining advertisers have a better chance of being noticed and understood.

Less clutter also should lead to better competitive separation and better positioning. Fewer advertisers should mean a better chance of receiving desired positioning in a commercial pod or, in the case of print, far-forward, premium editorial adjacency positions. During the last three months, we have seen multiple client brands upgraded to or offered premium positions at discounted rates or at no additional charge.

This type of environment is the perfect time for media planners to dive in and connect with their vendor partners. Have competitors abdicated environments that were previously unavailable because of too many legacy advertisers or exclusive buy agreements? Inventory in those desirable programming areas may now be available.

A Different Kind of ROI

While sales is the most critical ROI metric for most marketers, during tough economic times, it is important to understand the value provided via share of mind. Maintaining a high share of mind can help marketers capture a greater share of fewer transactions. Brands that enjoy top-of-mind awareness stand a better chance of being remembered at purchase time. Integrity of message continuity maintains top-of-mind awareness and helps to intersect consumers at more purchase opportunities.

Further, uninterrupted marketing investment during and through tough economic times can strengthen consumer attitudes and preferences for a brand, which can have benefits that last far beyond an economic downturn.

Think of an advertising message as a walk through an unspoiled field of grass. Walked through once and not again, the path soon will be lost. But walking the path over and over again makes it the preferred route. So keep delivering the message. Marketers that stop allow their paths to disappear.

Because of reduced spending and clutter, share of mind is easier to obtain in a volatile economic environment. When fewer brands are competing, those that maintain market presence can command a higher proportion of the conversation with the consumer. Volatile economic times provide opportunities to pick up share-of-mind bargains when competitors are panicky and your brand is not.

For example, while future marketing investments are being reduced by domestic auto makers, foreign auto makers are poised to take advantage of the share-of-mind opportunity. The Wall Street Journal recently reported that both Volkswagen and BMW are endeavoring to expand their U.S. market shares. Along with healthy marketing budgets, a new VW factory and expanded distribution and new-car introductions from BMW are expected. Advertising Age reported similar news, noting Volkswagen was investing more into the Internet space to take advantage of consumer interactions in a purchase research environment.

VW and BMW aren't the only share-of-mind opportunists. There have been multiple recent reports about Hyundai supporting its launch of its new Genesis coupe with Super Bowl presence.

Better Negotiating Position

Supply and demand in the media marketplace can work wonders for marketers during tough economic times. A multitude of advertisers reducing investment creates a wealth of inventory. The resulting softness means media vendors will have to scramble to meet revenue projections. In this environment, the advantage is squarely on the planner/buyer side.

It's important, though, for planners and buyers not to fall into the trap of using advantage simply to secure better rates—that strategy is short-sighted. Keep in mind the other benefits the environment presents. Competitors may have abdicated attractive properties. There is share of mind to be gained.

Plans and buys should be crafted to build stronger message communication platforms, not simply to save a few bucks. Is it possible to negotiate longer-term presence in a meaningful property? What multimedia opportunities can be created now that were not possible before? How about ads in placements not previously available (such as the New York Times' front page)? What added value or merchandising benefits can be secured that might not have been offered in earlier negotiations?

While these difficult economic times provide plenty of reasons for heartburn, they also provide hidden opportunities. Planners who can push clients to recognize the benefits of a volatile economy have a golden opportunity to make their media plans more productive.

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