



Make Marketing Your Megaphone!

When budgets are tight, it's your job to calm skittish customers and capture the few viable prospects. You can't be everywhere at once, so be where you're most effective.

By: Jessica Tsai
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The game's winding down and you've got a 30-point lead. The home-court vibe only adds to your confidence. "What the heck," you say. "Let's give the fans a show." You dribble past the defense and pass the ball over your opponent's head to your teammate—who, alas, was ogling a cheerleader on the sideline. The ball goes out of bounds—but you can absorb the misstep.

When the game's headed into the final minute with a tie score, though, a wrong move is far less acceptable.

"When the economy's good," says Renan Levy, president of direct marketing solutions provider Intellidyn, "everything sticks." Everything, however, is subjective. In good times, he adds, "[Companies] say, 'I don't need profiling. I don't need modeling.... I'm happy with my results.... It's good enough for me.'" Customers now are coming to him with the same or decreased budgets and expectations even higher than they were before.

The recession has surely affected your business processes to some degree. Whether budgets are getting cut, staff is being downsized, or even if nothing's changed, you have to be cautious given the economy and a customer base that's less willing to consume.

In an economic crisis, the rules of the game change. "When things get bad, you have to think about doing things differently," says Michael Gale, principal and founder of marketing consultancy Strategic Oxygen. Based on his research on marketing spend, Gale estimates that marketers have shifted from budgets that were 30 percent discretionary and 70 percent capital in 2007, to 95 percent capital. "You're not going to buy a Ferrari in a recession," Gale says. "Stick to what you've got. Things become more valuable as people go back to the basics."

MARKETING 101

The foundation of any marketing strategy, in any economic scenario, should always center on targeted, relevant, and timely messages. During a recession, however, companies are obligated to evaluate costs more closely. More often than not, says Bruce Temkin, a vice president and principal analyst at Forrester Research, executives make across-the-board cuts that adversely impact any company's two core concerns: Who represents the target market you're serving? What is the value proposition you're delivering?

"In a recession, you don't have the luxury of making mistakes when it comes to answering those questions," Temkin says. "You have to more diligently answer those questions because once you do that, you then

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have a clearer picture of which customer you actively go and continue to market...and what you are going to do or deliver." In other words, he says, instead of taking a hatchet to your marketing agenda, it's time to whip out the scalpel.

When the economy's better, Temkin explains, targeting is expected, but "it doesn't make sense to hold the entire company purely to it." When budgets are less constricted, companies are encouraged to get outside their comfort zone to uncover new opportunities. In those times, he says, "you don't need to be as rigorous."

EXPERIMENTATION

But a recession is no excuse to simply hole up and pray for the storm to miss your house. In fact, experimentation and innovation are necessary for companies seeking to not only maintain their current client base, but actually grow in a time when everyone else is in hibernation mode. "In a downturn, one could argue that the need to experiment is even greater because you need to be that much more sure things will be more effective," says Mike Bloxham, director of insight and research at Ball State University's Center for Media Design in Indiana.

Consumers themselves are cutting budgets, opting instead to save more than spend. Therefore, it's up to companies to address their needs in a way that perhaps even consumers aren't aware of. This, Temkin says, is where experimentation can shine. "Innovation, in a perfect world, is continually focused on the needs of your target customer," he says. Success lies in your ability to understand the target's needs better than the competition does.

The experiments that companies should avoid at this time involve unfamiliar opportunities that cannot promise a return on investment, such as new markets or communication channels. Still, it's not entirely impossible for a company to pursue such endeavors—if and only if they plan for how it can help them come out of the recession, in which such experimentation can actually prove to be a competitive advantage. That said, companies shouldn't just kill all research-and-development projects. Instead, Temkin suggests holding off on any launch until conditions are more stable and customers are more willing to purchase. "When we're talking about our target customer and value proposition, it's not just our current value proposition, but how we're going to maintain that."

SENIOR-LEVEL SUPPORT

Once a brick-and-mortar operation, New Jersey-based David's Cookies has gradually moved its operations online. Despite the shift, senior-level executives maintain a mentality that lingers on the traditional. Though Director of E-Commerce Dennis Consorte says that the company has come a long way and that executives are open-minded, expectations are steep. Consorte has to show that every search term is converting directly. And, like many marketers, his budget was cut in October.

Support, Temkin says, must ultimately be top-down. While the motivation and discipline don't have to resonate directly from the chief executive officer, it should be the priority of general managers and other executives. "If your vice president is saying, 'Cut, cut, cut,' it's very hard to push back and say, 'We want to look at it more holistically,'" Temkin says.

With a reduced budget, Consorte has only had to get more creative, which he contends isn't such a bad thing. "I work with what I have. We're pretty creative in making things happen given limited resources." In response to rising production and ingredient costs, David's has had to increase its prices as well as

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abandon a free-shipping policy in favor of a \$4.95 flat rate. On the bright side, Consorte says, the company has used free shipping as an incentive on purchase minimums or special products, further contributing to sales. In fact, he says, sales during the last 12 months nearly tripled compared to the prior 12 months.

KNOW WHAT CHANNELS WORK FOR YOU

"At the end of the day, the objective is to get results," Intellidyn's Levy says. "Right now, you need to make tough choices. You're looking for channels that give you the best ROI." One client, he said, found that its mass media channels were failing to justify their cost. As a result, it completely cut radio and television out of its media mix and reduced its print advertising, and shifted most of its resources to its online channels. Compared to Great Depression-era businesses, companies today have the advantage of technology. The marketer's job, then, is to figure out what channels work and finding the solution to optimize them.

Newer solutions—whether installed on premises or delivered on demand—allow companies to segment and create targeted campaigns in a far more cost-effective and -efficient manner than any Excel sheet could provide. In fact, vendors of marketing automation software are actually profiting in this economy; MuseWorx, for example, reported a 225 percent monthly increase in customers in September, and a sales increase of 311 percent in October, mostly to small and midsize businesses taking monthly subscriptions ranging from \$99 to \$499. "If you haven't invested in the technology, those aren't going to be wasted dollars," says Morgan Stewart, director of research and strategy at ExactTarget. Belt-tightening, he says, should hit exploratory areas, not strategies that help you segment and personally address customers.

Companies, Stewart says, should avoid overzealous attempts to get the crème de la crème CRM system "that ties everything in the world together and tries to be all things to all people." When you're hard pressed for hard numbers, it's imperative to identify the most-logical segments.

Before making the investment, understand how the tool will be leveraged. Otherwise, Bloxham says, don't bother. For those dormant CRM systems, "reinvestment will be a really big deal over the next year, more so than we've seen before," Gale says. For many companies, software has been a daunting addition. "In order to justify itself, sometimes [the industry] tries to be complicated," he says.

Take the Net Promoter Score, for example, which quantifies on a scale of 1 to 10 consumer responses to the question "How likely is it that you would recommend [Company X] to a friend or colleague?" Detractors are those who give scores between 1 and 6, passives 7 to 8, and promoters 9 to 10. "It's a brilliant model, and I'm in shock when people ask me what it means," Gale says. "This is a time to take a deep breath and say, 'It's not a big leap. It's just a small step.' "

HELP WANTED

Peter Raulerson, co-author of *Building Routes to Customers* -- see [this month's Required Reading](#) -- has seen an increase in activity among members of various marketing associations and online forums of which he is a part. "Everyone's asking their buddies how to be more productive, how to talk to management," Raulerson says. Not surprisingly, the popularity of online forums has also increased due to the relative decrease in attendance at trade shows and industry conferences. In addition, vendors, media publications, and research firms are constantly hosting Webinars, many of which are free to registrants, hosted by industry experts. In turn, vendors generate leads from a very targeted group of attendees.

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Vanessa Alvarez, unified communications analyst at Frost & Sullivan, is currently collecting data on virtual events, and she says early indications are that the decrease in the number of physical events has been stark. "[Vendors] are making the choice between a Spring or Fall booth, when in previous years, they would have done both," she says. After one November conference, she says, many vendors were saying a booth wasn't worth the cost.

"For the upcoming year," she says, "it's going to start to be even more prevalent." Already, virtual events have seen significant growth since the middle of 2008 in negative correlation to real-world events. Cisco Systems, for example, flies analysts both domestic and international for an annual conference, but has dramatically reduced the number of attendees.

There are pure-play providers of solutions for webcasting and virtual events, but Alvarez says that it won't be too difficult for the big-name Web conferencing vendors (such as Cisco's WebEx) to develop features necessary to host virtual events. She also believes that, as this trend continues, the next year or two will likely see consolidation as pure plays become acquisition targets. (See [this month's Re:Tooling](#) for more on Web conferencing.)

Even for companies with money to spend, Alvarez sees virtual events holding their own. "If and when we do come out of this recession, I think companies will be smarter about spending money," she says. "Sometimes, to communicate a message, you need to have an in-person meeting, but they'll scrutinize what's really necessary." Still, several approaches are thought of as recession-friendly, if not recession-proof. (See *sidebars "Cheap Tricks," and "Surefire Strategies," below.*)

INTERNAL MARKETING

Another critical low-cost path involves maintaining open lines of support and communication with your existing employees—especially as you experience a decrease in demand and find you can no longer support the same resources.

Downsizing, though perhaps unavoidable, should be executed tactfully to avoid disengaging existing employees and hurting corporate morale, Temkin says. Executives must clearly articulate precisely why a particular department can't be sustained or salaries are being frozen. "Companies go through some painful times," he says. "The pain is worse if people don't understand what's going on."

But communication doesn't always directly translate into transparency, which is often more figurative, especially in larger corporations. "If you start telling employees you're going down the tube, you're going to create an exodus of the best people you want to retain," says Shafiq Lokhandwala, chief executive officer of NuView Systems, a provider of human resource information systems. "Managers don't want that. They want to wait until the last minute to let go of people they really don't want, and keep only the best. It's the way it is, unfortunately, because the best people will say, 'Why do I want to stick around at a failing organization?'"

NuView Systems allows companies to track and measure employee performance. While sales goals are more easily measured, the system also tracks operational efficiency. This requires a reliance on what Lokhandwala calls "SMART" goals:

- Specific,
- Measurable,

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- Attainable,
- Realistic, and
- Timely.

NuView also determines the potential capacity of each employee, keeping a manager from cutting valuable employees just because they aren't operationally effective today.

NuView also educates managers on etiquette, providing the tools necessary to let someone go while maintaining the possibility of hiring them back after the recession. From conducting the exit interview to providing solid recommendations to helping them search for other jobs, it helps to avoid being the bad guy.

IF YOU'VE GOT THE BUDGET

For those with the means to be a little more active, Temkin suggests investments in consumer insight or ethnographic research. Consumer needs are constantly shifting—perhaps now more than ever—and only through research can marketers begin to understand them.

Companies can also build private online communities for consumers, such as The Playground Community, which toymaker Mattel created in June 2007. The site—which earned the company one of Forrester Research's 2008 Groundswell Awards—attracted hundreds of concerned parents during the company's mid-2007 recall of millions of toys that may have contained harmful magnets or toxic paint. Despite the worldwide recall, sales in 2007's fourth quarter were up six percent, something Forrester credits to the success of the community.

And after you've created the venue, user-generated content is essentially an excellent source of free brand-building material. Benjamin Wayne, chief executive officer of video-hosting service Fliqz, reports a sales increase of nearly 500 percent since the beginning of 2008 for his company's end-to-end solution, which costs as little as \$99 a month. Once seen as a novelty for entertainment purposes, video is now viewed as necessary, particularly on Web sites (where a Realtor, for example, can provide a video walkthrough).

What's lately become more popular, Wayne notes, is the demand for viral distribution, allowing viewers to share links. "[Viewers] are implicitly endorsing the product or service when they put the video on their blog or MySpace page," he says, adding that clients report that over one-third of their traffic is coming from places they never had access to before. Moreover, he adds, 75 percent to 80 percent of his clients rely on end users for some, if not all, of their video content.

Classroom performance solution provider eInstruction introduced an annual video contest in September 2007. Vying for an eInstruction Classroom Makeover valued at over \$25,000, teachers and students created videos demonstrating the use of technology in the classroom.

When the contest first launched, Lisa Omasta, the company's vice president of marketing, had expected roughly 50 submissions. Instead, there were 220.

But when the economy was hit hard the following year, Omasta had to decide whether she could justify repeating the investment. "The answer was absolutely yes," she says. Submissions jumped to nearly 300 in the second year, driving the contest's cost per lead down to roughly seven dollars, compared to the \$200-to-\$600 cost incurred for each lead generated by eInstruction's most-expensive marketing channel: the 25 to

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30 trade shows it attends each year. The video contest, she says, is "the most cost-effective lead-generation campaign we've run and will continue to run." In fact, the viral awareness that eInstruction was able to achieve was incredible, Omasta says. "We'll go into schools now and they'll say, 'Oh, you're the ones that did the video contest.'"

While eInstruction hasn't cut its trade-show attendance, it has felt the pressure to refine its attack strategy. "Fewer people are going to be at these shows, but the right people will be there," Omasta says. "We need to identify who those people are, making sure we get them to the booth as opposed to just getting volume."

COMING OUT OF THE RECESSION

We're going to come out of this, hopefully soon. When we do, the companies that stayed true to their brands and their targets will come out of it happy.

"Consumers can smell fear," Bloxham says. "Companies that indicate they're afraid [and that] they're compromising the integrity of the brand or the relationship with customers? [Consumers] can smell that from a mile away."

Lessons learned and investments made during the recession certainly won't be in vain. It takes a certain crisis to force companies to recognize the inefficiencies that riddled the company. More importantly, companies that survive will prove that they are not one of the many companies inhibited by what Temkin classifies as "professional management techniques that are devoid of passion and purpose."

While others cut back, those who continue to invest in areas where they see returns will likely have the advantage when the economy rebounds. If every company is able to optimize its performance, all the better, Temkin says, as each one aims to satiate a specific consumer appetite. Those who don't slack on service will send a vital message to consumers: You're important all the time, right down to the buzzer.

SIDEBAR: Cheap Tricks

All marketers are finding themselves having to do more with less these days. What it comes down to, ultimately, is how well you know your consumer, how and when you place your message, and how to provide a creative call to action, says Mike Bloxham, director of insight and research at Ball State University's Center for Media Design. Given that, there are ways marketers can optimize their existing assets and ensure each channel is performing at an optimal level.

Consumers unwilling to spend now will likely want to at some point in the future. That's where lead incubation becomes critical, says Renan Levy, president at Intellidyn, a provider of direct marketing solutions. In working with one financial services client, Levy was told that a particular set of leads were dead and had been sitting on the shelf for six months to a year. Within three months of implementing Intellidyn's direct marketing solution, 15 percent of those once considered dead had converted. "Not everyone's ready at this point, but if you keep the communication—soft communication—with them and show them value over time, when they're ready to buy, you're there," he says.

Compared to traditional media, new digital and social media is often seen as more cost effective. A Shop.org survey released in November 2008 reported that 25 percent of retailers created a Facebook page to help boost holiday sales. However, experts warn against jumping on the bandwagon and haphazardly making the trade. "A lot of people [take] research from Pew Internet...[and] say, 'We have to completely

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revamp our marketing strategy. We have to go all into the social networks and SMS,” says Morgan Stewart, the director of research and strategy at ExactTarget, a result of what he calls being “seduced by the numbers.”

Still, if you can do with \$50 what you can with \$100, why wouldn't you? Mike Dickerson, general manager of eMarketing at business communications company Premiere Global Services, warns against getting too aggressive trimming budgets to the bone. Tightly map out a strategy and plan for every dollar. From there, he says, companies must be extremely disciplined in managing their performance analytics as they continually test, measure, and refine the effectiveness of each marketing strategy.

SIDEBAR: Surefire Strategies

Most marketers have heard, or even quoted, John Wanamaker's assertion, “Half the money I spend on advertising is wasted; the trouble is, I don't know which half.” The challenge with multichannel advertising is precisely rooted in this problem. In comparison, ExactTarget's Morgan Stewart says, channels such as email marketing can be tracked to more accurately determine which emails make it to the inbox and are being read.

Analytics tools, of course, are highly effective when it comes to measuring the performance of your channels. Dennis Consorte, director of e-commerce at New Jersey-based David's Cookies, currently uses Google Analytics to monitor his Web activity for free. It's served him well so far, but next year, he says, “hopefully I'll have the budget to [get] better analytics tools.”

Consorte has cut down on his pay-per-click advertising in favor of channels that require less, or no, upfront costs, even though that approach may heighten the performance of other channels. By using cost-per-acquisition networks such as TrialPay, he only has to pay a commission on the sales when acquiring a new customer. Similarly, affiliate marketing has extended the reach of the business, and rewards its affiliates with a share of the revenue.

As bad as the recession is for you, it's also taking a heavy toll on your customers. Therefore, Forrester Research analyst Bruce Temkin recommends that companies actually speak to the community—understand how the economic times have changed their lives and what they're looking for. Whether it's gathered face-to-face, over the phone, or even a highly personalized email, the voice of the customer is worth listening to.

On the home front, Temkin asserts that now is the perfect time to improve usability. For many companies, that begins with improving the Web site. “It's an investment you need to make anyway, but if there's anytime you want customers to be able to easily buy things and get information online, it's now,” he says. (See [“Spiff Up Your Site!”](#), [December 2008](#), for more on Web-site design.)

Michael Gale, of consultancy Strategic Oxygen, agrees, adding that valuable content is critical to enhancing the stickiness of your site, as opposed to focusing solely on advertising messages. People come to your site to look for answers and they know how to block out what they don't want to hear. If they don't find it the first time, it hurts the chances of them ever coming back again. The caveat is that content should never be created for content's sake. A blog that consists predominantly of press releases hardly compares to the

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effectiveness of a blog that, say, allows senior level executives to communicate with their employees or consumers. This, he says, is an opportunity for executives who can't reach everyone face-to-face to reach out.

If your Web site is your marketing focal point, optimizing it alone is not enough. Usability requirements extend to all channels, and more importantly, provide a well-integrated, holistic view of the customer. Many companies, for instance, are already creating video content. Why not, Stewart suggests, incorporate a simple link to the video in your emails. "That may be the silver lining in this downturn—you'll see marketers leveraging the assets [they've] got."

In this sense, marketers are encouraged to amp up their cross promotions. It was Consorte's deep understanding of the marketing synergy that made it so difficult for him to make the necessary cuts. "Each marketing channel by itself works," he says. "But when you have them all working together, they convert so much better."

SIDEBAR: When the Bottom Line is the Top Priority

Here are some low-cost or no-cost CRM strategies for when money is tight—plus counterintuitive approaches to spending your way out of the recession.

1. **Closely monitor the returns** on each of your channels to ensure they're worth the investment.
2. **Integrate your marketing channels** to avoid redundancy and create a comprehensive view of the customer.
3. **Create an internal and/or external blog** or discussion board where customers and employees can communicate with upper-level management to create transparency and solicit input.
4. **Opt for virtual events** over physical ones.
5. **Tap into social networks** for advice from your peers.
6. **Analytics.** Analytics. Analytics. (Google Analytics is free!)
7. **Go into the community** and talk to your consumers.
8. **Improve the usability** of your customer-facing channels—especially your Web site.
9. **Cost-per-acquisition networks** (e.g., TrialPay) only charge when you make a sale.
10. **Nurture your leads.** Keep in contact, so when they are ready, you're not starting from scratch.

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