

4 Marketing Actions For Navigating In Troubled Times

In October of 1980, The Conference Board held a conference titled “Marketing Under Economic Adversity.” The title is apt for today as we may be facing years of economic uncertainty due to the current pandemic that has halted a large swath of the U.S. and global economies. A poll among 34 economists conducted by The Wall Street Journal indicates belief that we are facing a recession with the loss of \$1.5 trillion in economic output.

Businesses must not just prepare for a recession, but must also immediately implement strategies designed for sustainable profitable growth during the oncoming hard times. As the editors of Barron’s printed in the March 23, 2020 issue, the necessity for lawmakers is to “Go All-In Now or Pay Later.” Action now is essential “... to mitigate a recession or avert a depression.”

Some marketers believe that hard times are the time for a hard sell, shouting features or price or both. In hard times, it is not about selling: it is about buying. Unless marketers are able to generate buyers, there will not be any selling.

No matter how troubled the times, people do not just buy on price and performance alone. People buy on value. It is an every day truth: the best value wins. This is even more important in difficult times. But, perceived brand value does not happen unless you make it happen. The goal in this turbulent economy is amazing value, staggering value, extraordinary value.

Value is what you receive for what you pay. We all have a mental value equation when we make a purchase. A consumer’s value equation is not math: it is a mindset. It is a mental process of evaluating an offering relative to its costs. However, over the decades, our understanding of the consumer’s value equation has evolved from product or service features for the price.

People assess a brand’s worth based on the total brand experience they receive (functional benefits, emotional and social rewards) relative to the total costs (money, time and effort). But, there is a very important new component to the equation. It is a value multiplier, and that multiplier is trust. Trust is the consumer’s belief that the brand will deliver the promised experience relative to the expected costs.

This mental model of value is the total brand experience relative to total costs all multiplied by trust. This is the Trustworthy Brand Value equation. Success in troubled times requires promising and delivering trustworthy brand value. In these challenging times the value multiplier of trust is even more important.

Trust is the consumer’s evaluation of a future experience with the brand: How confident am I that this brand will deliver the promised experience for the expected costs? If trust in the brand is high, then as a multiplier, the perceived brand value is increased. If trust in the brand is low, then the perceived brand value is decreased. If there is no trust in the brand, if trust in the brand is zero, then it does not matter what the promised brand experience is relative to the costs... anything multiplied by zero is zero.

Every relationship is built on a foundation of trust. If there is no trust, nothing else matters. Brand trust significantly affects price sensitivity. If you want a strong, enduring, loyal relationship with a customer, you build trust.

Here are four marketing actions for navigating in troubled times:

1. Do not confuse price and value.

Many marketers continue to use these terms interchangeably. Price is what marketers charge. Trustworthy Brand Value is what customers perceive an offer to be worth. A sign of troubled marketing is defining value as merely low price. Do not describe a particular brand in a portfolio as a “value brand.” Each brand must be a value brand. Each brand is valued for different reasons.

2. Avoid excessive deal marketing.

Avoid focusing only on discounts and deals. Deal marketing builds deal loyalty. Deals increase price elasticity. Excessive emphasis on deals destroys brand loyalty. Price is important. However, a brand’s worth depends on a lot more than price. Value is not the exclusive property of low-price offers. Value must be delivered at any price point.

3. Maintain or increase product/service quality.

Troubled times is no time to cut quality. Cutting quality to reduce costs is wrong. Some marketers implement minor cuts in quality in the hope customers will not notice. This leads to the incremental degradation of products and services. Perceived value is also degraded.

4. Love the customers you have.

Focus on the business you do have before focusing on the business you do not have. Build brand loyalty as your first priority. It is risky to focus on attracting new customers over reinforcing the loyalty of the customers you have. Love the customers who already love your brand.

The time to guard against a recession is before the recession starts. Troubled times are trouble: but trouble for some does not mean the trouble for everyone. Do not just accept trouble; create trouble for others. Build and nurture your brands. Strong brands are a trust assurance policy for the consumer. Strong brands are your consumer protection policy. “Troubled times” is not the threat; troubled marketing thinking is the threat.

Source: Larry Light, Forbes