



EUROPEAN ASSOCIATION OF
COMMUNICATIONS AGENCIES

Recession, Reality & Recovery

How agencies can reduce the impact of the recession

December 2008

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Introduction

Putting together guidance on how to handle the current recession is highly challenging, as the unpredictable character of this phenomenon and its volatility cannot easily be encapsulated. It is also frustrating, as there are no silver bullet solutions, so we can really only highlight some of the characteristics of the downturn and some of the lessons that can be learnt from previous slumps.

However, Tim Bradshaw and Andrew Edgecliffe-Johnson point to the dangers of generalisation when they write: “ask a dozen advertising agencies for advice on marketing in a downturn (...) the chances are that each will begin with a lecture on the dangers of cutting budgets”¹. Therefore if some of the studies demonstrating the dangers of budget-cutting are extremely worthwhile, agencies cannot just rely on their conclusions and as Chris Ingram points out in his top ten tips for survival, they must in particular ‘innovate like they’ve never done before’.

Our recession pack first draws up the outlines of the current recession before underlining the knowledge history and studies can provide to help you get your effectiveness arguments in order. Finally we have gathered expert tips on dealing with the downturn that should also help to weather the storm.

I. Analysis of the current situation

A. Advertising expenditure forecast

WARC currently forecasts² that advertising expenditure in the Eurozone-12 will grow by 0.7% annually at current prices in 2008 and by 1.6% in 2009. The major European markets of UK, France, Germany and Italy are all expected to report rises, at current prices, for both this year and next. On the same basis, WARC predicts US adspend will fall by 0.5% in 2008, following a 0.2% current price drop in 2007, and return to growth of 2.2% in 2009.

In real terms, adjusting for inflation, the outlook is gloomier. WARC currently forecasts real term adspend will decline in 2009 by almost 0.2% in Germany, by 1% in France, by 4.9% in Spain and by 1.9% in the UK.

WARC predicts real term US adspend will fall by 4.5% in 2008 and by 0.2% in 2009 which would repeat the deflationary pattern of real term advertising spend in Western markets in recent years.

According to a global survey by Forrester, marketers are expecting to cut budgets by 3% on average this year, with advertising and traditional media expected to be hit the most and the IPA’s latest *Bellwether Report* has found confidence among marketers to be lower than at any other time in the report’s nine-year history.

¹ Lessons for marketers who face a hard sell, Tim Bradshaw and Andrew Edgecliffe-Johnson, FT, November 20 2008

² WARC Q3 International Advertising Outlook: How soon is now?

B. Recession winners and losers

1. Type of agency

The recession will not affect network agencies and small agencies in the same way. In the Netherlands for example, until now, only the network agencies have encountered a serious drop in their business. Their clients, most of which are listed on the stock exchange, use the marketing cuts made during the final quarter to improve end of year figures. Small and medium-sized agencies and, in particular, web-specialized agencies are doing fine in the Netherlands and are showing up to 60% growth this year.

2. Type of market

According to WARC's Q3 International Advertising Outlook, the major multi-national advertisers will use the downturn to intensify their recent focus on the potentially lucrative emerging markets of central and Eastern Europe and the BRIC³ economies. This is what Procter & Gamble recently described as the search for its "next billion consumers".

The emerging markets continue to offer relatively cheap media costs and comparatively rapid growth in many product categories. For example, the cost of TV airtime in Russia in 2007 was still 64% cheaper than the UK and the Slovak Republic was 27% lower (Source WARC/GMCC). This explains why SABMiller recently took advantage of the massive growth in the beer market in Russia by launching Peroni to Russians.

In the recent Euro Effie awards there were more examples of brands that have also achieved considerable success in these marketplaces. Relevant case studies include: Wash & Go: Best of traditions, Sony Ericsson Music Campaign 2007, and Corega Celebrity Testimonials.

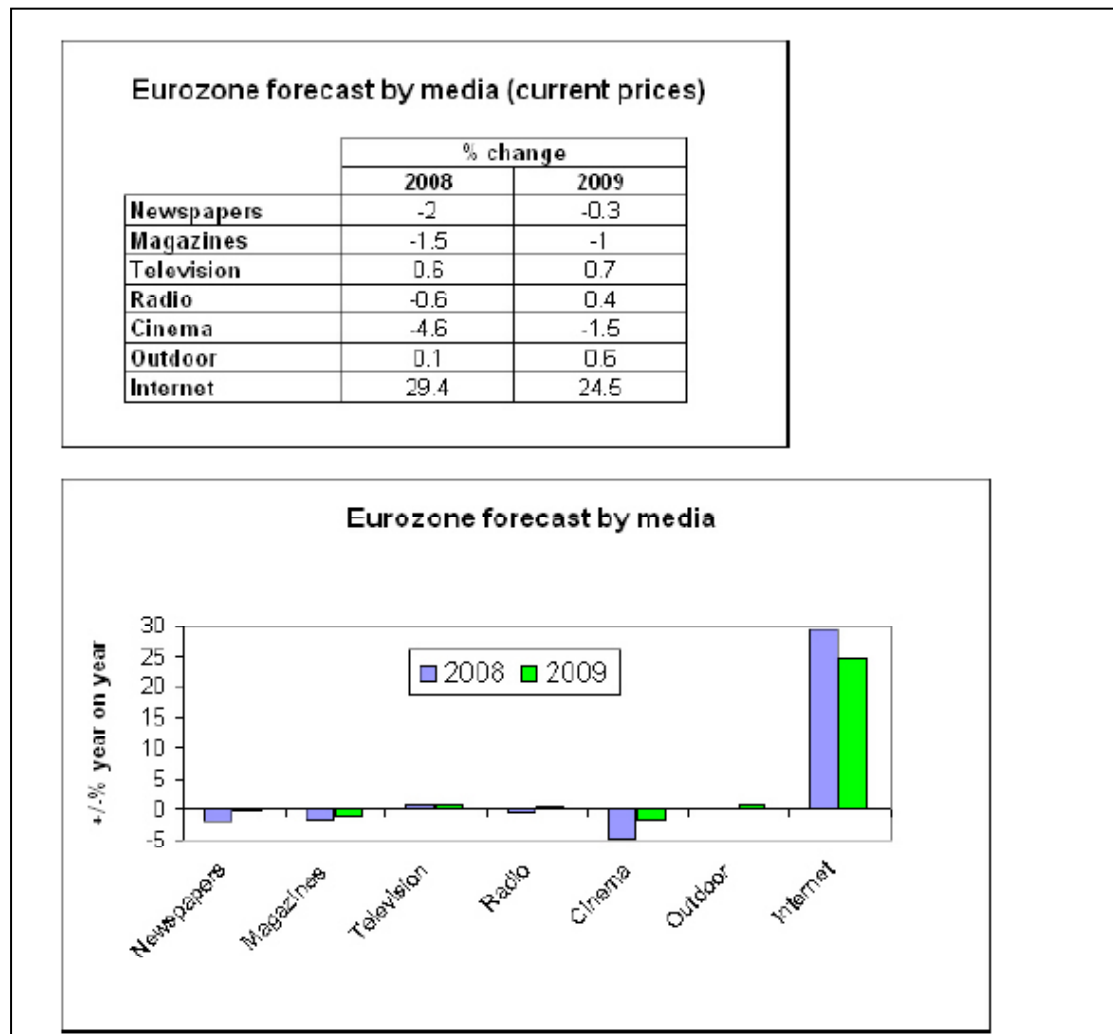
In particular, the Central and Eastern Europe regions have experienced huge growth in adspend over the past decade. According to WARC's *World Advertising Trends*, in 2007 Russia's adspend grew annually in real terms (and local currencies) by almost 16%. Polish adspend rose by 8% and adspend in the Czech Republic grew by a more modest 0.6%.

Both Poland and the Czech Republic are forecast to increase adspend at current prices in 2008 and 2009.

³ Brazil, Russia, India, and China

3. Type of media

According to WARC's current forecasts⁴, it is print, and more significantly newspapers, that will be most vulnerable to spending cuts in the current climate (see tables and charts below).



*WARC Q3 2008 European Advertising and Media Forecast.
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a. Online and search marketing

While revenues from most advertising media are shrinking, online and search marketing is still growing, in part because spending can be changed at a moment's notice based on response rates. Television ads have to be booked weeks ahead. Using public relations teams to seed clips on video sites or get bloggers talking about a new product can be a lot cheaper than buying TV spots.

⁴ WARC Q3 International Advertising Outlook: How soon is now?

“As marketing budgets are being squeezed, targeted ads are becoming more valuable to advertisers,” said Eric Schmidt, chief executive at Google. Google is benefiting in the downturn as consumers turn to search engines to do more research for bargains, a phenomenon that Google executives call the “Wal-Mart effect”.

Analysts at Citigroup highlighted the strength of search engine advertising but noted that banner ads, classified ads and lead generation activities were all showing signs of weakness online.

WARC Q3 International Advertising Outlook also underlines that the only medium predicted to grow significantly across the Eurozone and the USA is the internet even though the future growth will be more modest than that of recent years. According to WARC, this slowdown is partially due to a maturing of the internet as a channel - particularly for search and classified type advertising - as well as reflecting the overall economic malaise.

In the current environment, response-driven internet marketing provides the attraction of lower cost to entry, greater flexibility and in many cases, increased accountability. That is particularly true when internet campaigns are used in combination with other types of mass media. It is, however, debatable whether, particularly in online search, advertiser demand is going to weaken (as it is in print media, for instance) to the extent that brands will be able to achieve higher share of voice in search for the same or even reduced marketing spend as they currently achieve.

The evidence from the search market is ambiguous: Google's third quarter revenues were up 31%, for instance, year on year, though they were only 3% per cent higher than the preceding quarter and Google's falling share price (even allowing for the current market volatility) suggests investors believe it is not immune to the current slowdown.

b. In-store promotions and coupons

In-store promotions are becoming a more prominent part of the mix. AG Lafley, P&G's chief executive, noted that "in a more recessionary type of environment, more decisions are made in the store and we have to be competitive in the store". Google also noted a jump in searches for coupons.

c. TV airtime

Media is getting cheaper as demand tails off and apparently TV airtime is at its cheapest for 15 years in the UK, for example. Prices for television advertising will fall to their lowest level since 1987 as the downturn continues to hit marketing budgets, according to forecasts from media agency ZenithOptimedia.

4. Type of sector

According to analysis by Ebiquity's media monitoring division Billetts, pharmaceuticals companies and entertainment brands have been beefing up their budgets in recent months. Meanwhile, finance, cars and utilities have been curbing spend, although Procter & Gamble has been the biggest cutter. The biggest threat to the industry comes from big advertisers such as car dealers, banks, retailers and airlines.

C. Why the current recession will diverge from its predecessors

People are engaging and interacting differently. Media companies for example have not endured a consumer-led recession since 1991 - a time before high-speed internet access, downloads and social networking. Therefore, simply going back to methods that worked in past downturns may not be the wisest choice.

According to Carlos Grande⁵ the current advertising recession will diverge from its predecessors because of the three following global factors:

- *Advertisers have increased their use of digital media, especially channels such as search marketing, commercial email and online affiliate networks.*

Historically, recession businesses have tended to switch budgets from brand media advertising into direct marketing and other channels seen as more measurable. In the current recession, digital, which is already the fastest growing part of the media sector, could further benefit if budget-switching between channels again occurs. In theory, marketers could use this trend to argue in favour of maintaining total expenditure, and re-allocating it between different media. However, the trend could equally add to existing pressure on marketing teams to do “more for less”.

- *Financial investors now pay greater attention – or at least lip service – to the importance of brands for company profitability and balance sheets.*

Since the most common criticism of cutting marketing spend in a recession is that it can weaken a brand's market share, pricing power and eventually its financial health, marketers who can provide evidence of this risk may fend off budget cuts.

- *Major brands operate in more markets than in previous recessions*

Larger brand owners may find sluggish Western markets offset by growing sales from developing territories. This might mitigate the impact of domestic slowdowns. However, this argument would only benefit global brands and brand owners. Brands without the scale to do this may still suffer in a downturn and in any case, the theory that the US economy has generally “decoupled” from that of developing markets has recently fallen out of favour.

⁵ Are We Heading for an Advertising Recession?, Carlos Grande, WARC Online Exclusive, February 2008

II. Lessons from the past

A. The effects of budget cutting

Paul Dyson - founder of D2D Limited, an independent modelling and analysis agency - has analysed⁶ a number of studies that suggest maintaining the advertising budget during a recession benefits the brand in question. In the figure below, Paul Dyson has summarised a selection of these studies which span recessions as far back as the 1920s. The message is clear: brands maintaining their budgets during a recession come out stronger and with bigger gains than those which have cut expenditure. And some of these studies clearly mention how these brands continue to benefit competitively for two or three years after the recession is over.

Source	Period	Study	Result
Roland Vaile	1923	200 Companies	Biggest sales increases from those who advertised the most
Buchen Advertising	1947	Advertising vs Sales trends	Companies cutting ad spend lost share and continued to lag behind after the recession
ABP/Meldrum & Fewsmith	1970	Advertising vs Sales trends	Sales and profits maintained/increased in recession and years immediately following by those who maintain aggressive marketing posture
McGraw-Hill	1981-82	Advertising vs Sales trends	B-to-B firms that maintained/increased ad spend achieved higher growth during and for 3 years after the recession
TNS Sofres	Jan 1991- Jan 1992	127 brands on Superpanel	Top brands: ad spend +7%; share +1.1%; Bottom brands: ad spend - 8%; share +1.6%
PIMS	2002	Advertising vs Sales trends	Those maintaining/increasing marketing during a recession see share increases twice as big as those cutting marketing

Paul Dyson underlines that most of these studies are based on share of voice. In a recession, some brands reduce adspend, which can allow those brands which don't cut to steal market share from those which do. There are probably more subjective elements too: in a recession, advertised brands may appear to consumers as safer, more aspirational choices.

But ultimately the main factor seems to be whether or not a brand is being advertised more than its competitors. Of course this suggests success is not just about being brave and maintaining budgets in a recession. It also requires that at least some competitors aren't so bold and are cutting back.

There are additional factors at work in a recession. For a start, advertising (especially TV) becomes cheaper due to reduced demand. So the same money buys more media. Consumers reining in their spending also tend to stay at home more so the

⁶ Cutting adspend in a recession delays recovery, Paul Dyson, Data2Decisions, WARC Online Exclusive, March 2008

TV audiences available to advertisers can go up. These trends allow brave advertisers to get better value for their media adspend.

However, this does not explain why brands advertising through the recession should also benefit long after the recession has ended. Typically, these brands' competitors will have increased budgets relatively quickly as recovery starts - especially if they have been suffering share losses during the recession - so one might have expected the pre-recession situation to have been restored. The reason why it does not typically return quickly is related to the long term effects of advertising.

B. The long-term benefits of advertising

Unfortunately there is no agreed way to carry out a direct calculation of the long-term benefits of advertising. Although most estimates of short-term pay-back from advertising (i.e. over small numbers of purchase cycles) is around 50%, the payback over the longer term (one to four years) is usually considerably greater than this.

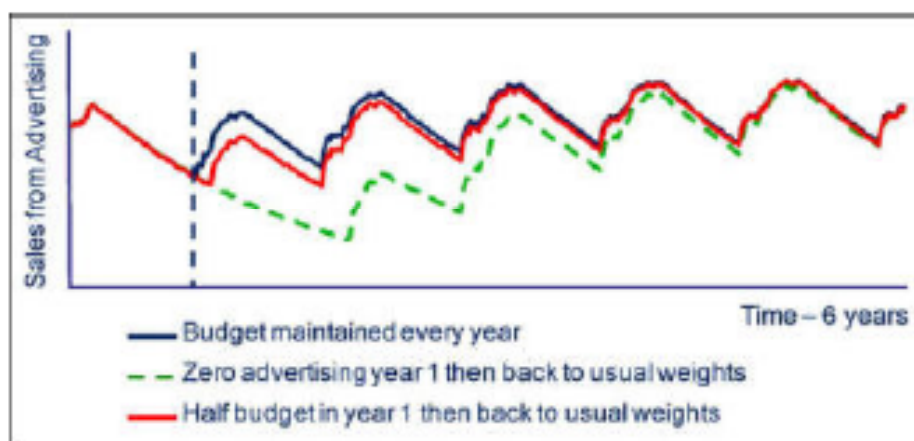
A typical brand case study shows that the long-term element of payback can be over four times greater than the short term. The importance of this is considerable.

Following a budget cut, a brand will continue to benefit from the marketing investment made over the previous few years. This will mitigate any short-term business effects, and will result in a dangerously misleading increase in short-term profitability. The longer-term business harm will be more considerable, but will not be noticed at first.

The figure below suggests that by adding together the long and short term impacts of advertising, the total advertising effect is increased by a factor of three or four. What this means is that the long term effect of advertising (which often comprises up to 80% of the total effect of adspend) and its duration can be a significant determinant of sales not only during the recession, but for some time afterwards. To demonstrate this, the figure below shows the sales generated by advertising under three different scenarios:

1. Maintaining ad budgets.
2. Cutting budgets by 50 per cent for one year.
3. Axing budgets by 100 per cent for one year.

In the latter two scenarios, Paul Dyson assumes the brand in question returns to spending a "normal" budget in the year after the cut.



The dotted line in the figure above is the impact on sales directly attributable to the company's decision to stop advertising altogether for one year.

Returning to normal weights after this, it takes three to four years to get back to the sales level where the brand would have been, had its ad budgets been maintained. Even cutting budgets by 50% for a year takes two years to recover fully (as shown by the middle line in the figure above). This is one explanation why those brands not cutting budgets during a recession seem to benefit for two to three years after the recession is over: rival brands that did reduce spends will take time to get back to their pre-recession levels.

Looking at this another way, if adspend is cut during a recession, then it has to be increased during recovery to get back to pre-recession sales levels quickly.

The crunch is that, for the example in this figure, **the increased spend required during the recovery just to get back to pre-recession sales levels within a year will have to be around 60% higher than the amount saved by cutting the ad budget in the first place.** And this, of course, assumes that the lost consumers can be won back easily. From a financial point of view it would seem the only justification for cutting advertising spend in a recession would be if a company needed the cash flow earmarked for advertising. Otherwise, the figures simply do not add up.

C. Latest studies

In the autumn edition of Market Leader, Peter Field reports⁷ on presentations given during an IPA Seminar on marketing in a downturn in March 2008.

You will find below a short summary of the conclusions drawn by each speaker but more detailed reports can be found in Peter Field's article (available in the EACA website Members' Section).

Millward Brown presented evidence showing that budget cutting is liable to reduce consumers' 'bonding' with the brand. Brand image and brand usage – two crucial elements in 'bonding' – suffered considerably when brands ceased to spend on communications for a period of six months or more. This was particularly true in the more price-sensitive product fields. This may well be accentuated in the present economic downturn, where online and offline word-of-mouth communication spreads consumer views of brands much more quickly and extensively than in previous recessions.

Data2Decisions, an econometric modelling consultancy, provided evidence about the time-lag effect. Advertising's long-term effect is typically greater than the short-term effect. During a budget cut-down, the brand will continue to benefit from the marketing investment of previous years, creating a dangerously misleading increase in short-term profitability. The long-term effect of the budget cuts will operate for several years, however; the short-term cutbacks will damage the brand for years to come. Diverting marketing expenditure into short-term price promotions usually damages the brand values and is also likely to be unprofitable.

⁷ Marketing in a downturn: lessons from the past, Peter Field, Market Leader, Autumn 2008

Malik PIMS has a database tracking the economic performance indicators of more than 1,000 businesses over a period of many years. It showed that the most successful policy was to increase, not decrease, marketing effort during a downturn. The heightened share of voice leads to increases in consumer preference, and in sales and profitability post- downturn. Recession provides a window of opportunity for inexpensive gains in market share for those brands which increase marketing investment in the recession.

Peter Field, marketing consultant, analysed 880 case studies from the IPA Databank. Field was able to show that, during downturns, brands whose marketing share of voice was higher than their share of market tended to grow their share of market. An approximate rule-of-thumb is that for every 10 points that share of voice exceeds share of market, a brand can expect to gain one point of market share per annum. Conversely, brands which allow their share of voice to fall during a recession can expect their share of market to fall, to the same degree. By modelling a series of scenarios, Field showed that when cutting budgets in a recession, the short-term improvement in profitability was rapidly overtaken by a severe decline in profitability in the medium and long term – a decline that was liable to be acute by about the third year. Because of the partially-lagged effect on sales of marketing investment, the short-term result of cutting expenditure looks attractive for a short while but masks the considerable damage being done to longer-term profitability.

However, for all effectiveness papers illustrating the benefits of continued advertising spend through a downturn, the actions of companies like P&G speak louder. When the most marketing-literate of companies trims its budgets, other clients will read a lesson. Therefore having a set of convincing arguments can come in handy but agencies also need to confront realities and take decisive action in order to deal with the downturn.

III. Looking forward

As underlined above, there isn't a single, silver-bullet solution to dealing with downturn. However you should find the following tips helpful. The checklist highlights the factors to take into account when developing a recession marketing plan and the advice delivered by various communications experts should equip you with the right recession reflexes.

A. Checklist for developing recession marketing plans

Ultimately, there may be no choice for a company, and marketing budgets may have to be cut for a business to survive on reduced revenues. It may be decided that profits have to be shored up during the recession by reducing expenditure, even in the knowledge that future profits will be hit during the recovery if the brand has to spend more to claw back lost ground.

Before swinging the knife, marketing teams should investigate whether they can make current budgets work harder in a way which would allow them to reduce outlays without experiencing a drop in sales.

For advertising there are many alternatives to investigate: from quality viewing (buying media time within more relevant programmes) to more efficient budget allocation and improvement of advertising creative. Some of these could more than compensate for fairly sizeable budget cuts.

The following checklist for developing recession marketing plans⁸ was drafted by the American Association of Advertising Agencies to face the 1990's slump. Although it is now beginning to date, it covers all the factors that need to be taken into consideration when putting together a recession plan.

Phase I: Assessment of external factors

- **Timing:** When is the recession likely to begin and end? How long will the recovery take?
- **Industry Impact:** Does the industry/business typically lead or lag the recessionary cycles? In past recessions, how deeply have the industry and the company been affected relative to other industries and competitors?
- **Technology:** Historically, what is the industry's commitment to technological developments? Might the company or its competitors gain a long-term advantage by emphasizing R & D during recessionary periods?
- **Competition:** How have major competitors reacted to previous economic downturns? How will they most likely react to future recessions, given their strengths and weaknesses? How can the firm best respond to likely actions of competitors?

⁸ Checklist for Developing Recession Marketing Plans, Phillips W. Goodell & Charles L. Martin, American Association of Advertising Agencies, Value of Advertising Committee, 1991

- **Customers:** How are customers likely to change their purchasing behavior during economic downturns? To what extent are they likely to move down the consumption chain, postpone purchases, negotiate for concessions, or seek less expensive suppliers?
- **Market Segments:** How is demand likely to vary across market segments? For example, which segments are more [or less] likely to be price sensitive or to opt for product offerings with fewer bells and whistles? Ultimately, are some segments apt to be more profitable during recessions than are other segments?
- **Value:** How do customers define value in the industry? In what ways may value be enhanced without increasing costs or jeopardizing the brand/company's image?

Phase II: Assessment of internal factors

- **Financial Resources:** What are the firm's financial strengths and weaknesses, such as profit margins, cash flow, access to capital, and cost structure? How might these be managed more effectively to minimize the impact of a recession? How might financial resources be invested to leverage the firm's future market position [e.g., in advertising to build market share while competitors slash their advertising budgets]?
- **Human Resources:** How critical are employees to the firm's success? Do their skills [or lack thereof] enhance the attractiveness of some strategic alternatives relative to other alternatives? What is the firm's commitment to the work force? How difficult would it be to expand or contract the work force as market demand for the firm's output fluctuates?
- **Physical Resources:** How difficult would it be to expand or contract the company's operations, if such is necessary? For example, if a strategy such as build market share is selected, will the firm's plant and equipment be adequate to fill the demand both during and after the recession?
- **Marketing Strengths and Weaknesses:** How strong is the brand or product lines customer franchise? What are the company's image and reputation among customers? How does market share compare with that of competitors? How may these strengths be leveraged and weaknesses addressed before and during a recession?

Phase III: Strategy determination

- **Stance:** Given the above considerations and the firm's objectives, will the business take primarily an offensive stance to exploit opportunities and take advantage of competitors' vulnerability, or largely a defensive stance in an effort to survive?
- **Offensive Options:** If an offensive stance is selected, which potential options present the greatest opportunity: build market share, innovate, appeal to additional market segments, diversify product offerings, or enhance reputation for quality or service?

- **Defensive Options:** If a defensive stance is chosen, which potential options will best satisfy the firm's short-term survival goals: price cutting to maintain volume or cost cutting to maintain margins?

Phase IV: Review and control

- **Relationships:** How are vital business relationships with customers, distributors, employees, suppliers, and other constituencies likely to change during economic downturns? Are there mechanisms in place to monitor these changes, as well as an action plan to mend weakened relationships?
- **Damage Control:** Have implemented recession marketing strategies met short-term objectives? If not, how might the plans be modified?
- **Position for Future:** Have implemented recession marketing plans met long-term objectives positioning the company for growth and prosperity during the post-recession era? If not, what modifications of the plans are most feasible?
- **Responsibility:** Who is responsible for monitoring the implementation and success of the company's recession marketing plan?

B. Experts' Do's & Don'ts

This list of Do's and Don'ts follows from our press monitoring of the recession. Most of them are common sense but are still worth pointing out.

1. Self-management

- **Don't lose your ambition** – if you plan for slow growth you'll get slow growth – targets tend to be self fulfilling. It's ok to have your conservative budget but keep it to yourself. (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Expect the worst and plan for it.** "Cut extraneous expenditure immediately, ensure everyone understands their role in achieving this, and make tough decisions early. Open, honest conversations with clients are helpful too." (Jon Ingall, Managing partner, Archibald Ingall Stretton)
- **Don't remind people they are in a recession.** "We are selling optimism. Advertisers should fight the urge to avoid taking risks, developing campaigns that can cut through the economic gloom". (Sir John Hegarty)
- **Don't be a scapegoat.** When things are going badly people look to blame someone else so don't make mistakes and keep service standards high. (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Encourage self-examination.** In a US publication⁹ from Leo Burnett dating back to 1998, it is pointed out that agencies should not look at the experience of others but use their own information to decide on their own action. This publication segments consumers into four types - the recession-proof, the solution-seeker,

⁹ The Next Recession – Strategies to Help your Company Cope and Compete, Leo Burnett Public Relations, Chicago, 1998.

the security-seeker, the vulnerable - and outlines how important it is to know where your consumers stand in tough times and for a multi-product company, which of your brands it is best to support.

- **Always tie creativity to ROI.** "If agencies are prepared to sacrifice a focus on great creativity, they're in danger of offering little more than an army of advisors. It's vital that the ad industry doesn't allow its collective standards to slip. Because transformational creative ideas are the one thing Adland offers that other suppliers don't. Economic crisis or not, that's crucial for the future health of the industry". (Claire Beale, Editor, Campaign)
- **Prioritise.** A recession "doubles the necessity to be really focused" on three or four tactics that can prove a return on investment. (David Gates, global brand director for Johnnie Walker). Customer loyalty programmes and simple customer service measures such as improving your website can produce a better return than flashy digital campaigns. (Barry Judge, Chief Marketing Officer Best Buy)
- **Multitask.** With smaller budgets, "dollars need to multi-task". (Laura Lang, chief executive of Digitas)
- **Get aggregation of marginal gains** - lots of small cost savings add up to a big gain. Likewise the same with revenue. (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)

2. Client management

- **Make it very difficult to be disloyal.** During a recession, customers, clients, and employees' loyalty levels drop. (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Make your agency the alternative clients are looking for.** "Be distinctive; offer a new service; actively challenge the status quo". (Will Collin, Partner, Naked Communications)
- **Understand where the client's total marketing budget goes and look to increase your share of that total.** (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Do not cut everything a little bit.** Many are going back to the lessons of the dotcom crash at the beginning of the decade, which slammed the nascent digital marketing industry into reverse. "One of the biggest mistakes I saw then was to cut everything a little bit," recalls Clark Kokich, chief executive of Razorfish, a Seattle-based digital marketing agency. "It's much better to be relentless about setting priorities and do a few things extraordinarily well."
- **Avoid dropping prices:** Client – 2 for the price of one is better than 50% off – you can never get back to the old price.
Agencies – avoid fee cuts – give additional services free (research etc). (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)

3. Brand management

- **“Sweat” the brand don’t milk it** - look for value propositions. Are you getting the most of the products benefits? (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Take advantage of better value.** “The temptation to restrict marketing to promotions and price cuts at retail should be taken up only by brands with limited consumer equity, with only moderate competitive advantage and operating in commoditised markets. Brands with higher brand equity and distinctive propositions should power on with higher marketing support, taking advantage of falling media prices to support the brand values, maintaining a price premium and enjoy massive competitive advantage.” (John Billett, Chairman, Billetts & MPMA)

4. Team management

- **Seek out the comparatively few folk who have experienced recession before.** “Pool their knowledge and make sure it’s shared around with the first-timers. Critically, try to stay ahead of your clients’ needs. Many of them will be recession virgins, too. If you’ve handled a brand for a while, interrogate how it weathered the last downturn. What’s applicable this time? What’s different?” (Gary Leih, EACA President and Chairman and chief executive, Ogilvy UK)
- **Put your money in people, not Charles Eames chairs.** “Do not indulge in luxury-level office comfort.” (Will Collin, Partner, Naked Communications)
- **Add as much certainty as is possible in uncertain times.** “Remember that this is a business people. Fear is the enemy of productivity, so employees who are worried about their jobs aren’t going to give their best”. (Simon Sherwood, Chief executive, Bartle Boogle Hegarty Group)
- **Beware everyone’s head down attitude** – clients will do it as will your own people. It’s not the time to do this – bravery and innovation are needed even more. (Mike Walsh, former CEO of Ogilvy & Mather (O&M) Europe and chairman of Ogilvy United Kingdom)
- **Look after your team.** “While belt-tightening means “nice to do” (or so perceived) activities such as training, cultural activities and staff entertainment slip off the list, these are important for morale and to keep creative minds motivated, when the team are working hard to deliver great work against tougher budgets and timelines”. (Jo Hagger, Managing director, glue London)
- **Retain your best talent.** “Companies should aim to emerge from the downturn stronger than when they went into it. That requires a single-minded focus on our core product offering. For media agencies, that means our service, output and overall relationship with our clients. That, in turn, means retaining and continuing to develop our best talent, and ensuring they continue to have the right systems and support. This may be difficult to justify in the short term, but is will prove invaluable for the longer-term health of the business”. (Jim Marshall, Chairman, Starcom MediaVest Group)

- **Stay calm, act with conviction and integrity, and face uncertainty with energy and good humour.** “Any good leader will be eliminating waste, controlling costs, watching hard data metrics carefully, staying close to clients and consumers, making tough calls and applying rigour to everything. But great leaders will be doing all this while keeping their teams upbeat and steadfastly focused on growing their share of great people, ideas and clients”. (Cilla Snowball, Chairman and chief executive, Abbott Mead Vickers Group).

C. Chris Ingram’s top ten tips for survival

Chris Ingram is a media entrepreneur and is sometimes referred to as the “godfather of media”. He is currently Unilever's European media director and is the founder of CIA Medianetwork.

1. Start with the correct attitude
To come through a recession in good shape, the first essential is to have the right attitude. You must be agile and adaptable in your approach: do things differently. Don't wait for things to happen, make them happen.
2. Management can't be in denial
This has been a common failure in Adland in previous recessions. Don't hope this is a “temporary blip” – that is an excuse to avoid taking tough decisions. A recession is the best time to make tough calls: those staff who are falling behind; those extras for senior staff that were “nice to haves...”
3. Involve your staff
This needs careful handling – there is a recession in our sector and it's likely to last two more years. However, there is no point in undermining morale. Involve your staff by asking for their ideas in both cost savings and new business - and incentivise them generously. They will probably know better than you which suppliers are inefficient and which clients are uneconomic.
4. Really understand your business and the key drivers
Do you know the true cost and profitability of absolutely everything you do - services, departments and clients? This includes marginal profitability. Otherwise, you will not be able to make the right decisions when the pressure is on - this can be pressure to cut your prices and/or your costs, or to add extra services at the expense of the existing ones.
5. Margin or share?
You need to have a strategy of either fighting to hold your margins or to protect/increase market share. In a recession, it can be dangerous to expect to do both. You have to make up your mind, for this affects pricing policy, staffing and overheads. It also affects your communications, both internal and external.
6. Really know your clients and their customers
How well do you know your clients and their customers? There is now a huge amount of data to help get under the skin of customers. As someone who spent years in media planning, I am amazed at how little this is turned to advantage in terms of real audience segmentation. People change the way they spend their money quite dramatically in a recession and different groups change in different ways. Who is coming into your (client's) market and who is dropping out? And why?

7. Innovate like you've never done before
Everyone is now very value-conscious – what new services can you offer that make clients' lives a little easier in these conditions? Not fluffy ideas, but things they can tangibly do. It's now all about "results" and "sales", not "image". Promotions are no longer "tacky".
Can you partner or ally with someone who is complementary to your company in order to produce a new service? Very few people will reject such an idea in a recession. Remember that you have to innovate because your existing business is going to be substantially reduced. Retainers are seen as fixed costs and are converted to projects; big projects get postponed first, then cancelled. None of your clients will get into trouble for this - far from it, they will be applauded. What to do? Think "little and often": small amounts of expenditure don't get noticed, include small regular amounts. Is there some research insight you can offer every month to an affordable subscription?
8. Keep really close to your clients
You have to identify closely with clients' hopes and fears. Senior management have to join their troops on the front line. Less time should be spent on strategy, admin and "just running the business", and more time spent on selling - clients and prospects alike.
9. Cash is king
Despite all the above, this is one fundamental that must never be forgotten. If you have cash in a recession, those with debt provide real opportunities - they will agree to things they would never normally dream of. Indebted competitors become available very cheaply; indebted suppliers will give amazing terms for payment upfront.
Integral to this is cash management - you can't leave this to your accounts department in a recession. The longer a recession continues, the more likely it is that your overdue debts become bad debts. SO put aside your middle-class reservations and actively help to collect the overdue money! Payment needs to be pursued in a planned, rigorous but persuasive manner.
10. Don't become totally risk-averse
Remember that a recession is not a reduction in spend, it is a redistribution. The effect is very uneven and much of it is up for grabs, so it would be crazy to become totally risk-averse. For example, I have investments in a five-a-side football operator, Azzurri, and a price-comparison site, Consumers Choices. Their sales are up more than 100 per cent this year. A recession isn't an enjoyable experience, but approached the right way, it really can bring as many opportunities as a boom.

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