Fratzke

How to Create Your Recession Marketing Strategy

Learn 8 steps for creating an effective recession marketing strategy for your business to thrive and survive during an economic downturn.

FRATZKE RESOURCE

Why Is Marketing Important During a Recession?

Continuing to invest in marketing during a recession helps you maintain a strong brand that customers recognize and trust. This can help you greatly reduce business risk during hard times.

The key to surviving a recession is establishing market share ahead of time and continuing to engage your loyal customers, as they can act as a lifeline, helping your brand stay afloat and thrive.

How to Create Your Recession Marketing Strategy

1. Review your marketing budget - cut with precision
2. Anticipate your customer's new needs and adjust
3. Evaluate your products and services relative to market fit
4. Audit your marketing operations using the Five Ps Framework
5. Audit your marketing channels & performance benchmarks
6. Create a recession-proof marketing strategy and action plan
7. Monitor results and be agile
8. Plan for the recovery!

Need help developing your recession marketing strategy?

Contact Fratzke at fratzkeconsulting.com or talk@fratzkeconsulting.com

Review Your Marketing Budget - Cut with Precision

The brands that succeed in economic downturns are the ones that adapt their campaigns, channels, and strategies - not eliminate them. You should cut wasteful spending, but you can't throw the baby out with the bath water.

Unfortunately, marketing and communications budgets get affected disproportionately in hard times. When a brand's survival is at stake, it's easier to cut advertising or content marketing costs, versus operations or production costs. When you're looking at your marketing budget, ask yourself the following questions.

- What products or services produce the most revenue?
- What marketing channels yield the highest return on investment (ROI)?
- What channels can be tracked and easily prove their effectiveness?
- What spending is necessary versus wasteful?
- What poor performers can be cut loose?
- What low-yield tactics can be eliminated?
- What strategies should be cut, maintained, or accelerated?

What Not to Do

In an economic downturn, it's smart to reevaluate and reallocate your budgets. Brands cannot afford to turn off their marketing machine altogether. Instead, they should optimize and adjust their marketing strategies to best suit the current economic landscape. Consider these dos and don'ts when starting to evaluate your budget.

Do	Don't
Use the recession as an opportunity to optimize spend and make difficult decisions	Put your head in the sand and accept the status quo
Act with precision, looking for the right cuts to make	Cut your budget blindly
Continue to invest in brand awareness	Cut your marketing budget when you need it most to survive

Anticipate Your Customer's New Needs and Adjust

Understanding the market is crucial in developing an effective recession-proof marketing strategy. During a recession, consumers understandably start to clamp down on their wallets.

They're forced to prioritize their purchasing decisions and reduce spending. Marketers need to focus on understanding their customers' psychology and shopping patterns and find creative ways to better serve them.

Brands that invest in understanding consumer behavior will thrive. As the recession starts to materialize, new customer segments will develop based on how customers are feeling about their spending power and economic position. The Harvard Business Review outlines four new possible segments:

The Four Customer Segments of The Recession

Slam-On-the-Brakes	Pained-But-Patient	Comfortably-Well-Off	Live-For-Today
They feel most vulnerable and hardest hit financially.	They tend to be resilient and optimistic about the long term, but less confident about their ability to maintain their standard of living in the short term.	They feel secure about their ability to ride out current and future bumps in the economy. Their pending habits will not change.	They will carry on as usual and for the most part remain unconcerned about savings.

HIGH ← Change in behavior → LOW

HOT TAKE

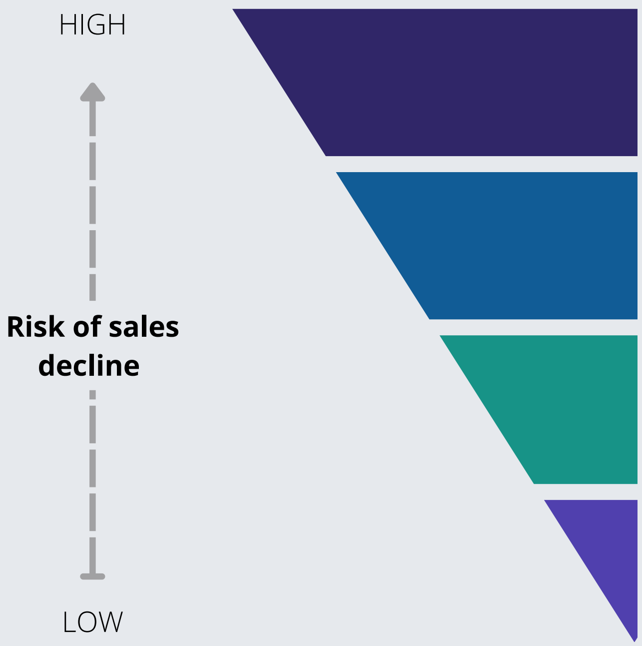
If the recession started tomorrow, what category would your customers belong to?

Evaluate Your Products and Services Relative to Market Fit

It’s critical to assess your brands, products, and services. This will help you determine which areas require additional focus, which ones may not survive, and which ones are well-positioned to succeed both during and after the economic downturn.

Monitoring how customers adjust their priorities, redistribute their funds, switch brands, and redefine value is crucial. This matrix can help you better understand when, where, and why you may want to pivot your brand positioning or serve as proof that you should stay the course.

Hierarchy of Customer Perceptions



Expendables
Perceived as unnecessary or unjustifiable.

Postponables
Needed or desired items whose purchase can be reasonably put off.

Treats
Indulgences whose immediate purchase is considered justifiable.

Essentials
Necessary for survival or perceived as central to well-being.

HOT TAKE

How do your customers perceive your products or services? Where would they place your goods on the Hierarchy?

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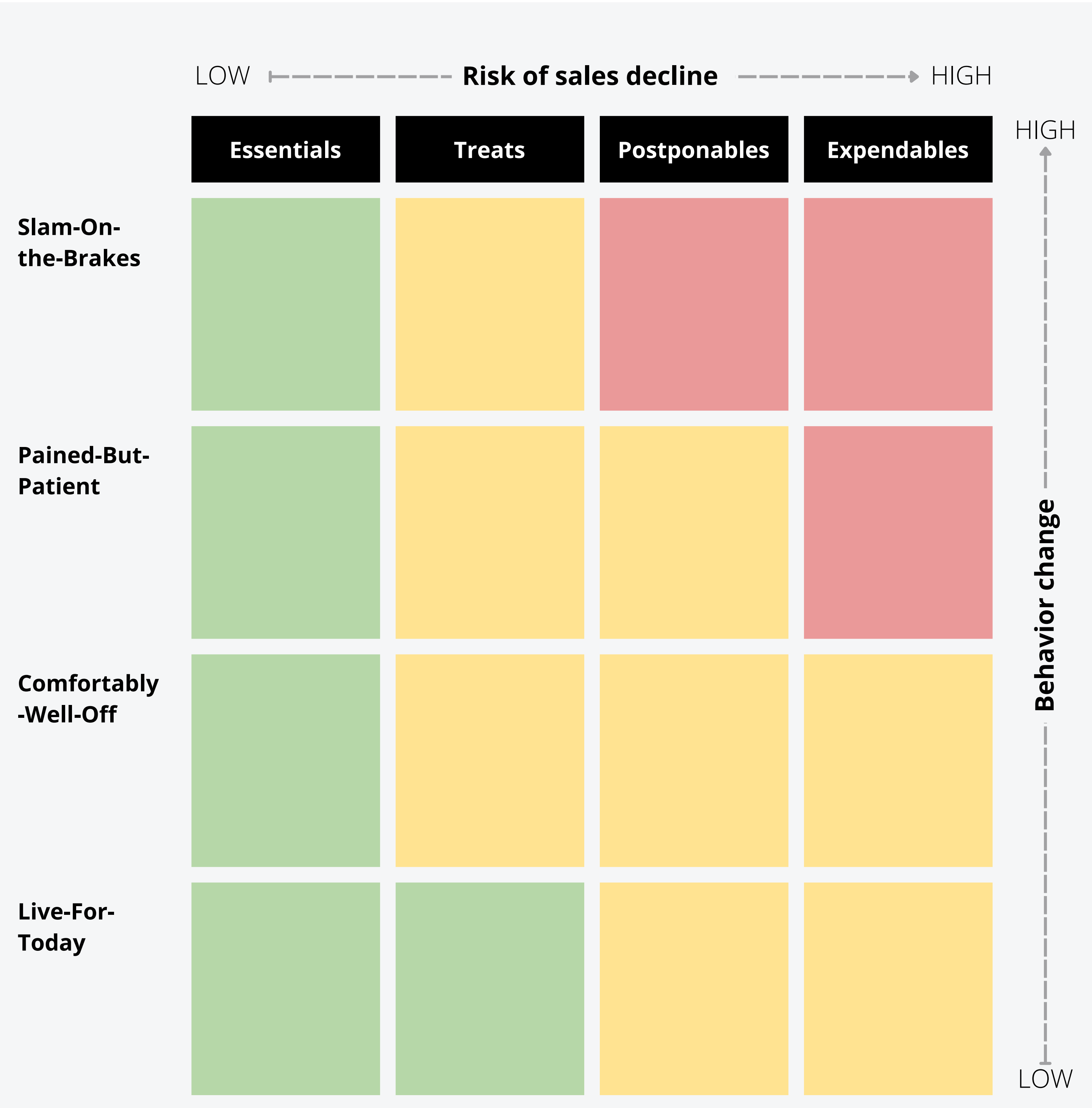
Recession Product-Market Risk Audit

Use this worksheet to determine the risk your brand faces based on how your customer behaviors will change during a recession and their perceptions of your products or services.

Market Risk Level Based on Customer Behavior

Stable Market | **Mixed Market** | **Declining Market**



Framework Attributed to The Harvard Business Review

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Audit Your Marketing Operations with the Five Ps Framework

When times get tough and budgets need to be adjusted, you need to look at your entire marketing operation in order to optimize in creative ways. At Fratzke, we've created the Five Ps Framework in order to simplify your marketing operation into five key areas.

The Five Ps Framework

Performance - The results your team delivers based on measurable data

Process - The series of actions or steps taken in order to achieve a particular goal

People - Your marketing team, and their ability to perform and collaborate

Platforms - Your technology stack, the software, and the tools you use to accelerate performance

Partners - Your trusted bench of experts who can accelerate growth, or hinder it

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Marketing Operations Audit Worksheet

When preparing your recession marketing strategy, we recommend auditing all Five Ps and giving them a score from 1 - 5, the highest score being a five, and the lowest being one. Here's how we think about scoring.

Grading Scale

1. Laggard - Nowhere near the benchmark, or missing altogether
2. Falling Behind - Trying, but missing the benchmark
3. On-track - Performing at or near the average benchmark
4. Moving Ahead - Above average performance
5. Leader - This is a core strength, you're performing well above the benchmark

WEAKNESS ---- **Gap Analysis** ----> STRENGTH

	Laggard	Falling Behind	On-track	Moving Ahead	Leader
Performance					
Process					
People					
Platforms					
Partners					

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Create a Recession-Proof Marketing Strategy

Now that you've done the work to gather data about your customer, your products, your services, your marketing operations, and channel performance, it's time to put together your strategy. Use this worksheet to start planning your recession marketing strategy.

What are your Objectives and Key Results?	Objective:	Key Results: • KR1 • KR2 • KR3
What is your brand's unique value proposition during the recession?		
Who is your target audience? Has it changed? What do they want?		
How do your products and services meet customer's needs during a recession?		
What channels should you use to reach your target audience?		
What KPIs and benchmarks will you use to measure performance?		
What is the action plan to implement your strategy?		

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