

Ad Spending During a Recession

by Robert Grede

Are we in the middle of a recession? Many analysts think so. But while the economy is heading south, you're still under enormous pressure to report solid earnings despite declining sales and a demand for lower prices.

In a soft economy, shortsighted executives will panic and bolster their next quarterly earnings report by cutting the ad budget. After all, advertising is an expense: Eliminate it and the money drops right to your bottom line. It's a quick fix, but it is a costly one!

Here are four reasons NOT to trim your advertising and public relations budget in an economic downturn.

- 1.** You need to keep your customers and prospects informed of changes in your business. The business environment changes quickly and advertising, besides its power of persuasion, is your information tool. It provides information about those products and services to our customers and potential customers. There's an old adage that says, "Without advertising, you wouldn't know."
- 2.** Your competitors are probably trimming their budgets, so you will stand out and gain market share at their expense. If your competition suddenly becomes invisible, whom do you think the marketplace will turn to when it needs to buy? That's right, the one they keep

hearing about. By advertising in a slow economy, you may minimize your decline in sales, or even increase revenues, as you pick up your competitors' customers.

3. If your competitors don't trim their advertising budget, you could lose market share to them. Makes sense. You trim your ad budget, and you suddenly become invisible in the marketplace. Meanwhile, your competitor has maintained his promotion and advertising spending. Your customers learn more about your competitors' products. They decide now might be a good time to try them.

4. Your customers and prospects will remember you when the economy picks up again. You know the economy will rebound. It always does. You need to be positioned as a survivor. If you have maintained your promotion spending, your company will have the image of a leader, the one to depend on in your industry, when the rebound comes.

So, while the country suffers a brief economic "correction," it would be shortsighted to panic and trim or eliminate your promotion spending. Make sure you stay on top.

Robert Grede is an online columnist and the author of several books, including the bestseller, Naked Marketing.



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