Brand building in recessionary times - is your brand geared to weather the storm?

By Nicole Shapiro

5 Oct 2016

Turbulence. It's a word that's on everyone's lips at the moment - from the highest rated economists, to businesses of all sizes, to the man on the street.

As South Africa teeters on the brink of recession with threats of downgrades to 'junk status', slow economic growth, a fluctuating currency, high unemployment rates and the effects of irregular weather conditions taking its toll, marketers are faced with very challenging decisions and trade-offs to make when it comes to building and sustaining their brands.

Although we faced similar instability in 2008 and 2009 as a result of the global financial crisis, the challenge for marketers today remains overwhelming.

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They may have a plethora of brand manuals to guide general brand and marketing communication and activations but, last I checked, there's usually no toolkit in the brand manual for navigating the brand through recessionary times.

Seven years back, a number of companies employed a host of different marketing strategies to get their brands through the economic turbulence.

To remain on course, some brands opted to continue with 'business-as-usual' much to their detriment. Others chose to take a risk and go big with heavy brand building activities, and some brands cherry-picked and executed a few brand building opportunities to build relevance and resonance.

Which of these strategies is best? The simple answer is that there is no simple answer. But brands can learn a lot from the brand building and maintenance activities that took place during the previous slow down.

Here are the principles I believe brands be employing in these difficult, recessionary times...

Value provision shouldn't come at the expense of your brand

When times are tough and short-term sales are taking a knock, marketers are often tempted to run sales promotions and offer enticing discounts to cash-strapped consumers.

This tactic may work to build short-term sales spikes and beat out the competition temporarily, but more often than not, it usually leads to tricky price wars and an erosion of brand equity over the long term, especially for leading and premium brands.

Understand that although you may be offering relief to consumers in the short-term, always put the long-term equity of your brand first. A brand that did this really well during the previous slow-down was Woolworths with its 'Essentials' range.

Instead of relying on discounting and sales promotions, Woolworths developed a 'no-frills' value range of household products – with basic packaging and an assurance of everyday value and quality. In doing this, they were able to retain the consumers who were feeling the pinch, instead of eroding the equity of their premium brand.

Difficult times call for out-of-the-box thinking

It may sound obvious, but when the status quo is challenged, you need to challenge your own status quo.

In turbulent times, risk averse marketers often are inclined to stick with their 'bread and butter' methods: Tried and tested marketing tactics that draw in their usual customer base. The challenge is when your usual customer base don't necessarily behave 'normally', this strategy could render itself null and void!

Marketers need to understand that in recessionary times, there is no 'normal' – and clever marketers should question and challenge the relevance of every piece of marketing and communications. Think to yourself – is this relevant in a tighter, more depressed economy?

A brand that challenged the status quo and thought out-of-the-box in the last slow down was Hyundai. They understood that people were under considerable pressure with potential retrenchments and cut backs, so they devised an assurance programme which allowed customers to return their car in the event of job loss or retrenchment. It proved a highly effective campaign and brand building initiative with competing automotive brands soon following suit with similar promises.

Sometimes it's worth looking on the bright side in gloomy times – this could be a time to invest in your brand.

Tough economic times are exceptionally difficult with many trade-offs, and marketers not wanting to take risks or to be seen as being reckless with their budgets. However, abandoning your brand during these times can be damaging, as consumers often seek brand reassurance when the going gets tough.

According to a number of studies, brands that retract their spending in tighter economic conditions often lose market share, once the economy bounces back, as they have lost awareness and their relevance has diminished.

Locally, Standard Bank opted to invest in their brand during the slowdown in 2009 and relaunched with a new identity and positioning. Although, it may have been perceived as a 'gutsy' move – especially for a financial services provider - they capitalised on good rates on media space, and a lack of marketing clutter. With so many other brands 'opting out' during this time, the impact of the new brand was so much greater.

Marketers of today have a lot to contend with: more demanding consumers, fragmented media and retail channels; and large amounts of clutter to break through. A fragile marketplace adds even more complexity into the mix.

Essentially, to ensure that a brand can weather the storm, marketers need to put the long term needs of their brand at the forefront of every decision. Doing this not only enables smarter marketing decisions, but sustainably builds brands that can stand the test of time.

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