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Advertising in an economic downturn

The knee jerk reaction in a down economy is to reduce marketing costs – especially advertising. Companies often cut advertising expenditures to "wait until the economy improves". Research says: BIG mistake.

Studies of over 50 years of economic cycles convincingly conclude that economic downturns reward aggressive advertisers and penalize timid ones.

McGraw-Hill Research found that companies that maintained or increased their advertising expenditures in the 1981-1982 recession, had 256% greater revenue growth by 1985 than those that had eliminated or decreased advertising.

A series of six studies conducted by the research firm of Meldrum & Fewsmith showed conclusively that advertising aggressively during recessions not only increases sales but increases profits.

Penton Research Services, Coopers & Lybrand, in conjunction with Business Science International, found that a strong marketing program helped firms to solidify their customer base, take business away from less aggressive competitors, and position themselves for future growth during the recovery.

So, tell your cost reduction team:

- Don't take a big swipe at your ad budget because it is easier than other options. Advertising is one thing that helps bring in business.
- Advertising provides brand recognition. A company that fails to maintain its brand awareness in an economic downturn is jeopardizing its current and future sales and profits.
- Maintaining brand awareness is less costly than rebuilding it later.
- Or, simply quote the sage advice, "When times are good, you should advertise. When times are bad, you **must** advertise."

Other sources include America Business Media.

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