

## Double Down on Strategic Advertising

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**The scenario:** Hard-sell or luxury-oriented ad campaigns are starting to sound tone deaf to recession-wary consumers. Some competitors are pulling back on advertising.

**The tactic:** Increase communication with customers to show how your product can ease the difficulties they're going through.

Advertising budgets often become easy prey during down markets — but companies that start to slash do so at their own peril. “If there’s any time to increase communication, it’s during a recession,” says Andrew Razeghi, a marketing professor at Northwestern’s Kellogg School of Management. During the recession that followed September 11, just 25 percent of all companies boosted their ad spending — and those that did saw their market share rise more than twice as fast as it typically rises during a normal economy, according to a 2001 Cahners Advertising research report. According to a MarketSense study, during the recession of 1989-91, Pizza Hut and Taco Bell saw sales jump by 61 percent and 40 percent, respectively, after pumping more money into advertising, while **McDonald’s** slashed its ad budget and saw sales drop 28 percent.

It’s not that easy, of course. Marketers need to spend smart — and tune their message to customers’ shifting attitudes during a financial crisis. “The closer a brand can cozy up to a consumer with a message along the lines of ‘we’re all in this together,’ the better off a brand will be,” says John Quelch, a Harvard Business School professor and author of *Greater Good: How Good Marketing Makes for Better Democracy*. For instance, a credit-card company should change its message from “use our card to give memorable holiday gifts” to “our card gives you the most money back.”

Taking advantage of its “Talk to Chuck” campaign, brokerage giant **Charles Schwab** brought out its CEO this fall to reinforce a calming message of reassurance. “I’ve been through at least nine of these ... and I’ve learned that I have to keep my patience,” Schwab says in one commercial. What’s the logic here? “The recession is sufficiently serious that investors don’t just want to talk to Chuck, they want to see Chuck,” Quelch says. “He’s a savvy person capable of holding the hand of the younger investor.” For companies without a high-profile “Chuck,” the communications budget may be better spent on smaller hand-holding gestures. Razeghi suggests preparing white papers about the recession to send to valued customers. “It reassures folks you’re still in the game,” he says.

**Caution:** Now is not the time for positive, brand-focused campaigns that won’t resonate with cash-strapped customers. But don’t campaign on fear, either. “People are sufficiently panicked already,” Quelch says. “A message that exacerbated the fear would be counterproductive.”