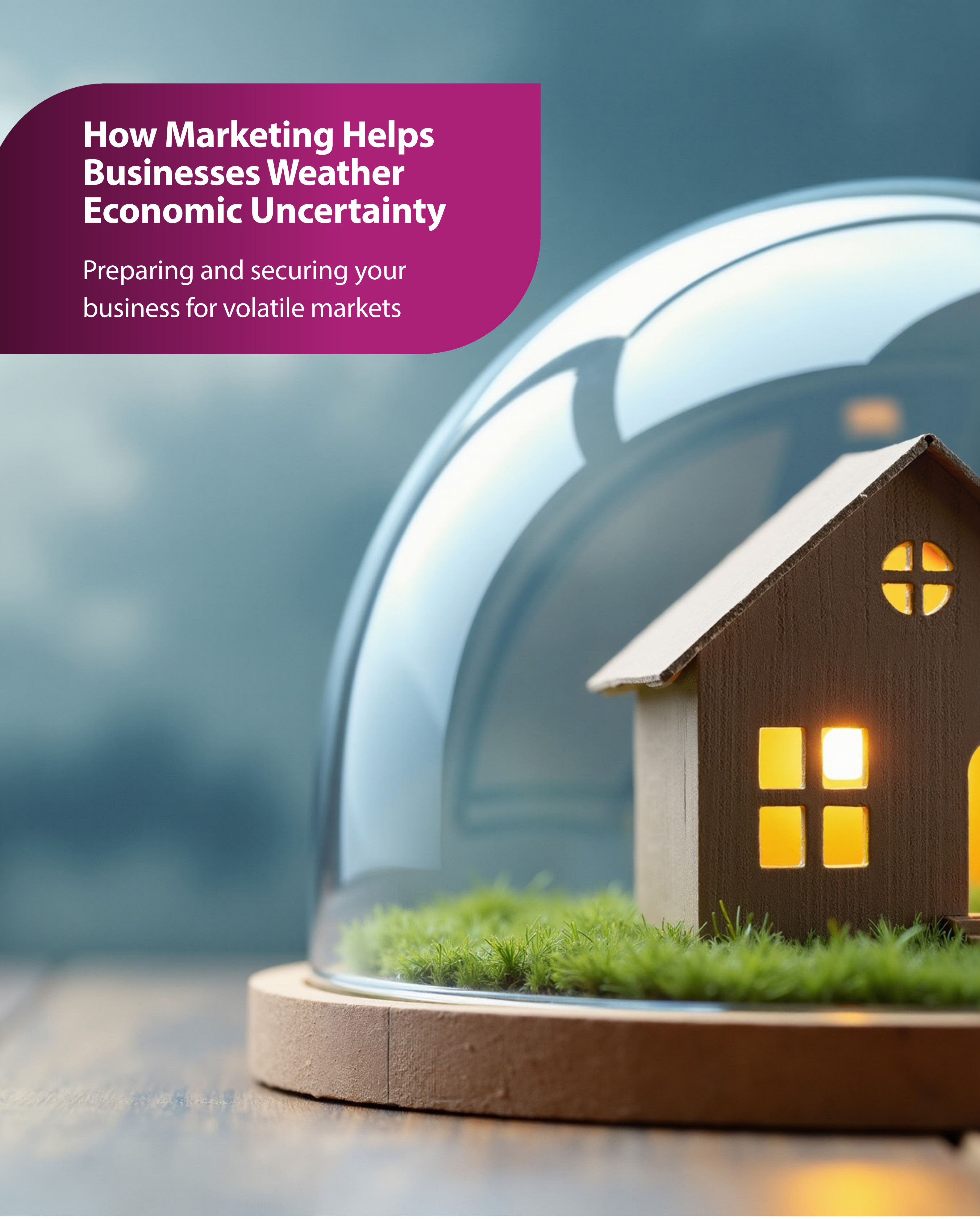
How Marketing Helps Businesses Weather Economic Uncertainty

Preparing and securing your business for volatile markets



the marketing centre

Supercharged Fractional CMOs

1 Introduction: Marketing in 'interesting times'

"May you live in interesting times."

Apparently, it's a Chinese curse - an ironic blessing, implying that "interesting times" usually bring strife, disorder and conflict[1]. There isn't, in point of fact, a clear Chinese origin - it's more likely to originate with 1900s politician Joseph Chamberlain - but the point stands. "Interesting times" mean trouble for societies, economies, governments and businesses alike.

The early decades of the twenty-first century have seen continued uncertainty around Britain's future in the EU, political and military turmoil, global pandemics, supply chain disruption, the re-emergence of inflation, labour challenges - not to mention global disruption from big data and the rise of artificial intelligence technology. It's definitely… "interesting."

Tried and tested best practice will make the best of whatever economic and political situation a business finds itself in.

In this guide, we'll outline the marketing activities that will prepare your business for times of economic uncertainty. Looking after your customers will ensure they don't lose confidence in your business and brand. Focusing on your pricing strategy will make it more likely that you will keep them buying from you. Keeping firm control over your positioning, people and brand will help you stay ahead of marketplace challenges.

Without further ado…

2 Prepare for change by looking after your customers

Business leaders face substantial changes in global, regional and even local markets. Regulations and sanctions around international trade and the movement of money will have knock-on effects even for businesses who don't do business across international boundaries; buyers will be feeling the pinch, and key personnel and services may become more expensive or even unavailable.

The key thing to remember here? Your customers are just as affected by market pressures and changes as you are. Putting them at the heart of your strategy means your business will remain relevant and helpful to them. How does the uncertainty of the day impact them, and how can you adjust your offering to help them overcome these difficulties?

Love and understand your customers and they'll stay with you through troubled times.

Customer-first business - what does love look like?

Customer-first thinking and practice increases customer satisfaction, encourage repeat custom, boost customer referrals and – in turn – grow sales. They also reduce the churn factor, as fewer customers leave if more of their needs are being met.

Businesses thrive by giving value to their customers - solutions to their problems, answers to their questions, and offerings that meet their needs. Knowing why your customers are your customers - what specific benefit your product or service does for them - is the key to delivering that value. If your customers are facing a shortage of low-cost labour as migrant workforces return home, packaging automation may become a growing concern. We're not saying "pivot your business and start making robots" - just "be aware of what's bothering your business partners."

This is why you, as a business leader, need to be in tune with what your customers say they want, and what they actually need. Too many of the businesses rely on assumptions and don't realise that demographic details, typical spend and product interest are only scratching the surface of the possible insight they have into their customers. What you need to find out is the why. Why do customers engage with your business in the first place, what do you do for them? What are their fears, in and out of their business?

To find out, you need to ask. Do your market research. Look closely at your social media interactions and your online reviews; encourage feedback at and after the point of service. Send out keep-in-touch emails and schedule calls. Build your customer interactions around touchpoints where you can ask the customer what's bothering them, and be sure to listen to the answers. And in times of turmoil, when you need to send

Customer-first business is about listening, responding *and* being responsible. *Pay attention. Use your feedback. Take care.*

a clear message about the current uncertainty and it's impact on your business - ask your customers what they're doing to mitigate or respond. Your other targets will likely be doing the same - and the answers can inform your sales process, your marketing messages, and your ongoing customer care.

Three pillars of customer-first business

Customer-first business is built on three principles:

1 Listening. You use customers' data to provide content, suggest offerings, promote new products and services; they trust you not to use it for anything else. Post-GDPR, and amid a flurry of high profile data scandals, your audience are more aware of their privacy needs than ever before.

2. Responding. Be open about your processes and, if you can, your pricing. Deliver what you promise and don't promise what you can't. Integrity beats overselling.

3 Responsibility. Prioritise ethics in your business practice and take control of your customer experience. Look out for your customers, and when things go wrong, make good. Beyond that - future-proof. If there's uncertainty coming up, offer a clear and explicit statement about your plans. Your customers may not know what's happening in the grand scheme of things, but they can know where they stand with you.

If your customers' priorities are changing, you have to change with them, building your marketing, branding, offering, price and process around what suits your target audience best. The important thing is to keep this substantial. Don't just say you put your customers first: do it.

Nothing happens in a vacuum. By understanding and addressing their concerns, and being direct, positive, respectful, honest and responsible, you'll help your customers manage their worries and their strife, and keep them - and your business - on an even keel.

Market research starts with listening to the customers you already have. Look to your most loyal customers, and reach out to them.

3 Price perception: offer consistent value

Political uncertainty creates economic uncertainty, and economic uncertainty means price rises. Meanwhile, currency values can drop, bounce back, and stagger unsteadily on through prolonged instability. Goods and services cost more; money is worth less, or at least has less consistent worth.

When you can't count on the value of money, a focus on the value of service and product is essential. Your business should always price optimally to maximise sales and profit margins, regardless of external factors, but doubly so in uncertain times.

How is marketing involved in pricing decisions?

It's easy to forget that marketing plays a huge part in determining the price of a product or service. Finance are responsible for maintaining margins, sales have insight into customers' willingness to pay and a sense of value, but marketing brings crucial knowledge of the market the product has to thrive in.

Marketing defines and frames your pricing strategy - the price band that will work best for your product and brand. It can be easy for businesses to focus on revenue streams, costs and profits when pricing, and overlook the knock-on costs and rewards of building brand awareness and improving the product. Loyal customers have a long collective memory for price rises, particularly in the kind of long-term relationships found in B2B.

Market research identifies and analyses the prices being charged by competitors, giving you a sense of the viable price points that exist and that can be challenged. Knowing your market inside-out is vital to ensure your prices sit at the right point between profit and viability.

How do your customers relate to your prices?

When you're setting a price for your product, put yourself in the customer's shoes. What decisions do they have to make before buying? Is your offering a standard purchase or a big investment for them? Small, regular purchases are relatively painless; large, irregular ones come with a weight of responsibility and a fear of making a bad decision.

Now think about how you sell - your value proposition. If all you have to offer is low, low prices, you're devaluing your offering and your brand, admitting that you've got nothing else to compete on. Pricing strategy needs to build up the perceived value of your offering. People love a good deal,

You can't control the market forces at work on your price – but you can control how you express and explain your prices to your customers.

but that's not just about how much they pay - it's about how much they get for their money. If your customers value free delivery or after-sales service, work out how much it's worth, and factor that into the price - but keep making a big deal of the freebies, because that sense of getting something free is what makes the deal attractive.

Thorough market research and a close relationship with your customers will give you insight into what they're thinking when they purchase, and what barriers there are between them and their purchase decision. Think about the scale of the purchase decision - how important is it and how often does it have to be made? In uncertain times, the cost of a bad decision is harder to absorb, so customers are going to be more wary than usual.

What to do if you have to increase prices

The size and scale of your customers' purchase decisions will not change if your cost of sale increases – only the barriers and factors involved in decision-making will be affected, as money will likely be tighter for your customer, too. The key is to manage those factors well, by explaining your situation to your customers with clarity and honesty. Your customers will understand that markets are shifting, costs are going up and prices must rise with them - provided you remind them that they're getting value for money.

It can help to change the way you display your prices to do this. Offering a set price for products and services makes snap decisions easier, but uncertain customers don't make snap decisions. By displaying a range of prices and explaining the services they buy, you can encourage customers into a sense of security from which they're more likely to buy. You can even cross-sell or upsell: rather than charging a flat rate for one service, offer support and training in other related areas.

On a tactical level, marketing material needs to lead with the highest price, so clients anchor on that and compare the other options to it, feeling like they have opportunities to save money or plump for the best (and more expensive) offering that they saw first.

It's hard to future-proof when nobody knows what's going to happen, and business leaders can't afford to wait and see. The goal, therefore, is to focus on what's in your hands - the value you offer your customers and how you reassure them by explaining that value is still there.

A company exists only as long as it earns a profit and it can only do that if it delivers a quality product or service at the right price.

4 Core elements of good business: brand, people, positioning

When economic indicators point to a major recession, the key question for boards and business leaders is "how will our business survive?" The answer: by focusing their efforts on the three key elements of good business in any market: positioning, people and brand.

Brand

Brand is the first pillar of business survival and growth. A strong brand extends beyond names and logos - it's the cumulative result of your business' achievements and personality. Every aspect of your operations builds brand equity - and there's a direct link between positive brand equity (being well thought of by your customers) and profitability .

Effective branding also makes running a business simpler, as everyone involved knows the message their actions and interactions with customers must express. This clarity and confidence will be vital in presenting a united, coherent front in times of economic uncertainty.

Every action and interaction your business undertakes builds brand equity. Positive brand equity means profit, stability and customer loyalty. Negative brand equity means loss, uncertainty, and a constant struggle to be seen as a good business. By keeping control of your brand equity and ensuring everything your business does is consistently on-message, you'll remain credible and attractive to customers.

Positioning

Positioning in the marketplace is about standing out from the crowd; making a bold statement and setting your brand apart from your competition. All marketing and business decisions are built on positioning: a well-positioned offering will thrive no matter how low the competition goes on price.

Price - which we've already seen is a core element in your business strategy - is fundamental to effective positioning. Don't under or over-value your product or service, or feel compelled to match what the competition are doing. For customers to have confidence in your offering, your pricing has to reflect its value, and that means a premium service commands a premium price.

Regular contact with customers and a strong brand identity are also vital. In turbulent markets, consumers turn to brands that are familiar and comfortable. If you're positioned as the familiar choice - strong and stable - you'll be able to charge what you need to charge during the downturn, without losing custom. That familiarity and stability will keep customers loyal, even if you're forced to raise prices to maintain profit.

There's a direct link between customer loyalty, brand equity and profitability. *Loyal customers spend more - both over time and by buying up or across your offering.*

People

People are the most important asset your business has. Your employees are the face of your brand, and they're the engine that drives your business growth, providing the ideas and energy as well as doing the work. Teams focused on outcomes, not political concerns, will be able to shift direction quickly without losing momentum.

Like everyone else, your employees will be concerned, worried, confused or even angry about what economic troubles will do to their day to day lives. You must keep them feeling happy, confident, and safe - because happy, confident and safe staff deliver a better service, and pass those feelings on to the customer.

Attract and retain the right people by building a strong employer brand. An employer brand is the way your business portrays itself as a place to work - what it says on the website, how it recruits and markets vacancies, and what previous employees have said about working for you. But - and it's a big but - this has to ring true. Whatever you're saying on your website has to match the internal culture, the actual lived experience of your employees, or it's useless.

Internal culture comes from a well communicated and authentic mission, vision and values that everyone lives by, from the top down. You know what your business stands for and what good it's trying to do in the world; go out there, alongside your employees, and show them you're working toward that. Build the culture first - then shout about it.

Employer brand tells employees what your company represents and what relationship they can expect with you, making sure that what you're telling them matches their experience as an employee. You can build a better employer brand by showcasing your team - real people telling real stories, highlighting the kind of personalities that work well in your business. Continuous professional development opportunities play in here too - they show that your employees are investing in themselves, and you're helping them do so.

An effective, purposeful employer brand lets the right talent know when they have landed in the right place. Companies with strong employer brands recruit good employees faster and retain them longer.

5 What not to do in challenging times

"Wait and see" is not a strategy for future-proofing your business in any event, let alone a political upheaval or economic downturn that might define a generation. It is not, however, the only way a business can go wrong.

We've looked at things you can do to prepare your business for sociopolitical stress, whatever form it takes - now it's time to look at what not to do.

1 Accept the negative

Press reports, economists, politicians and pundits on social media represent a rising tide of negativity. Regardless of your political perspective, a negative mindset will not help you or your business. Now is the time to be a reassuring presence in your market - talk to your customers, sound out their concerns, and tell them what you're doing to help them.

2 Take unnecessary risks

Rushing into major decisions can have long-term consequences. It's vital that your business doesn't gamble on getting ahead of the competition. Test your marketing campaigns before you spend too much on them; conduct user tests for new products. Don't spend big money until you know what you're doing.

3 Play your marketing by ear

You may be tempted to spread your net wide, in the hope of catching as many customers as you can. Don't do that. It won't win you customers; it will cost you money and undermine your brand. Good marketing requires a focused, targeted, goal-driven strategy.

4 Abandon your budget

Don't panic. Don't throw money out now in an effort to secure business while you still can. Stick to your plan. Start with your business goals and work backwards. Formalise what you'll spend on specific marketing activities within a set timeframe, and measure them against specific metrics.

5 Forget about ROI

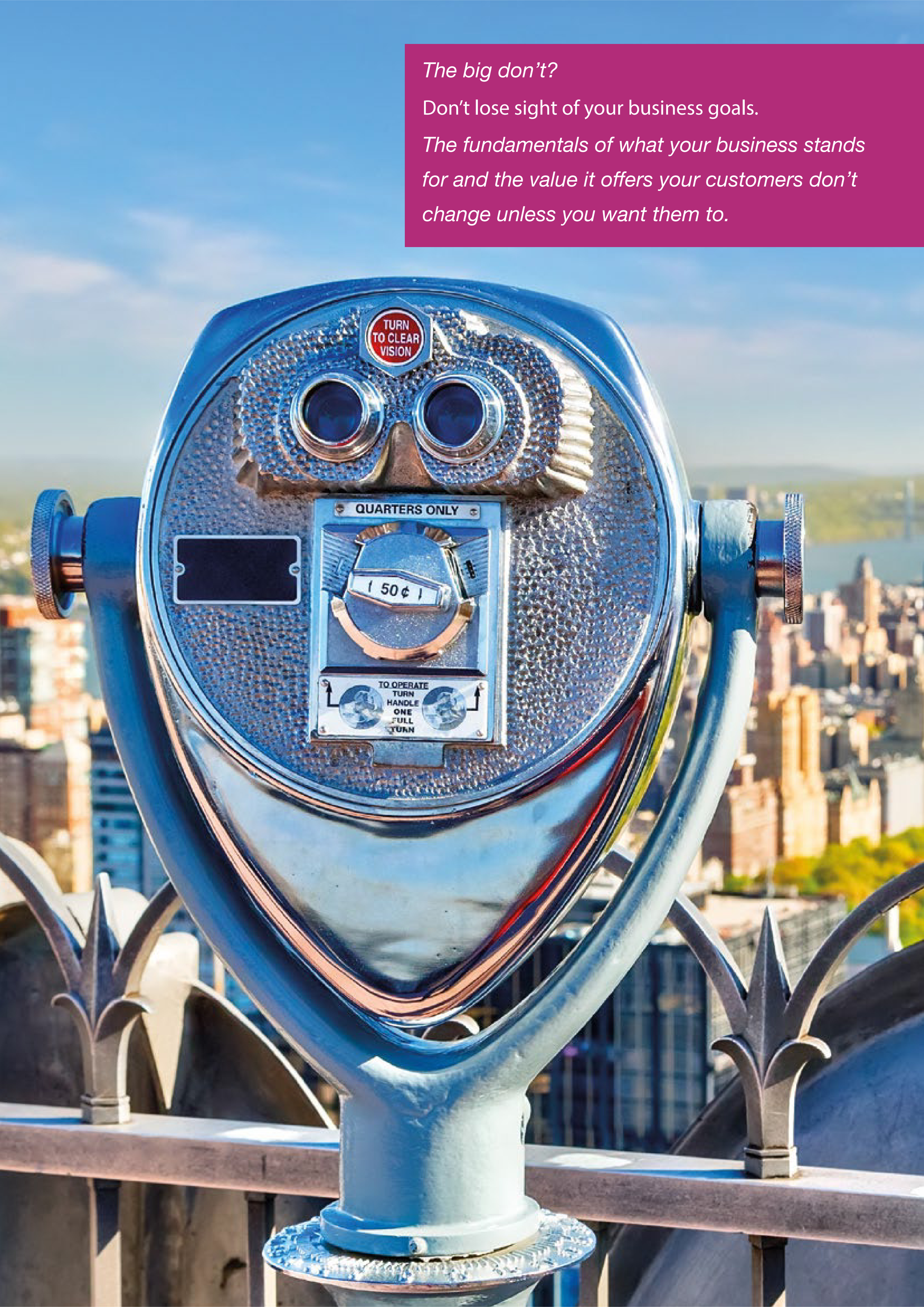
Marketing is an investment, not a cost. It must pay for itself. Without insight into how your marketing is affecting your bottom line, you may as well be crossing your fingers and hoping for the best. Build yourself a marketing dashboard that reports on the crucial metrics - marketing as a percentage of sales, and cost per customer acquired, plus the metrics that indicate your progress toward your current marketing goals.

If the last few years have taught us anything, it's that you need a strategy, budget and clear set of goals before engaging in any drastic action. Acting without a plan will force you to rely on insights you can't trust and make you beholden to promises you can't keep, struggling to deliver a compromise that will keep your business intact.

The big don't?

Don't lose sight of your business goals.

The fundamentals of what your business stands for and the value it offers your customers don't change unless you want them to.



6 Conclusion: Let go of fear

As any behavioural economist will tell you, economic landscapes are shaped and determined by human decisions, and those decisions often aren't rational. They're made in the moment, under pressure of financial targets, informed by gut feelings and current trends. They are made, in short, in a climate of fear.

If you're afraid of failure, your business will suffer. It seems paradoxical, but fearlessness - confidence in what your business stands for, the value it offers customers, and the loyalty it fosters in customers and employees alike - will carry you through. As a business leader, you must focus on positive achievements, not unfavourable consequences. While the rest of your sector is talking doom and gloom, looking forward to decline and fall, you need the courage to see your potential.

Your costs may go up, but a sensible pricing strategy will help retain customers. Customer confidence and spending may go down, but communicating clearly and honestly will remind them why they should stick with you. No matter what the economic situation may be, the fundamentals of good business don't change - and right now, they're more important than ever.

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