





# HOW TO BEAT THE BEAR

## Seven Secrets to Recession-Proof Marketing

Whether they read the tea leaves or each issue of the Wall Street Journal, the latest economic news will cause most CMOs and their bosses some concern. With an economic downturn either upon us or heading this way, decisions must be made, and the sooner the better. When the economy starts dipping downward, companies too often cut back on marketing activities, hoping to simply weather the storm. But some experienced marketers view recessions as opportunities to grow market share and strengthen their business. As competitors reduce their marketing activities, proactive companies have the opportunity to actually gain market share.

Research has found that continuing proactive, effective and cost-efficient marketing campaigns during an economic downturn can prove beneficial. In fact, when competitors drop the ball in terms of cutting back on marketing initiatives, companies able to reach out to customers and maintain brand awareness and loyalty are even able to improve marketplace positioning. A study conducted by professors at the universities of Texas at Austin and Pennsylvania State and reported on in the "International Journal of Research in Marketing" found that organizations that maintain proactive marketing programs during a recession actually achieve business results superior to those achieved prior to the economic decline.<sup>1</sup>

Businesses able to maintain their marketing efforts during a recession benefit when competitors cut back, resulting in a decrease in advertising "noise." That makes the messages still reaching customers louder and clearer, improving the chances that your brand's message will be heard.

Marketers that regularly use online media and channels are in a great position to step up their game and deliver strong ROI during a recession. When they reach out to customers, online marketers, especially those with integrations in place between their email, Web analytics, e-commerce or survey tools, can quickly deliver targeted, relevant, revenue-producing communications to customers. As the customer data available to them continues to grow, the opportunities to create better insights and improve revenue grow as well.

When the economy makes it advisable to cut back on pricier traditional advertising and focus more on cost-effective online marketing, it's important to be ready to act quickly and decisively. Following are seven key strategies to protect your brand and customer loyalty during an economic downturn.

### 1. Obtain agreement on ROI measurement

Especially when times are tough, it's important that you obtain a consensus regarding exactly how the boss measures success in terms of return-on-investment, and what levels of return are expected. The term ROI represents different things to different people and is bandied about by many without solid agreement regarding its true meaning as defined inside the company. In fact, Forrester Research found that nearly seven out of 10 marketers (69 percent) have a hard time arriving at an agreed-upon definition of ROI.<sup>2</sup>

Study after study has pointed out the difficulty marketers have in measuring the ultimate impact of their programs on sales results. Yet the ability to accurately assess marketing's return-on-investment is increasingly critical to corporate success during an economic slump. Accountability has become the watchword in offices around the globe. Marketers are under increasing pressure to deliver measurable results and clearly demonstrate the value they provide. Successful marketing departments organize processes to take advantage of key performance indicators. They tap into the results-oriented mindset present in c-level executives by crafting a plan rich in objective-based measurements.

You can track marketing ROI by establishing a closed-loop marketing program that delivers real insights into how various marketing activities are driving revenue. Using a single relational database to collect, manage, segment, execute, automate and integrate all marketing campaigns helps marketers better evaluate programs across channels.

Metrics commonly used by marketers to track ROI include:

- Total sales revenue generated by marketing
- Incremental sales revenue from existing customers generated by marketing
- Conversion rates
- Time to conversion

The ability to accurately track and measure marketing's impact on the company's bottom line helps to ensure that a successful program is able to continue, and that funding spent on unsuccessful efforts can be moved elsewhere. An added bonus to being able to accurately measure the impact of your marketing program can be job security during tight economic times. When the CFO or CEO are looking for ways to cut costs, your ability to prove the value of your programs can keep them—and you—from the chopping block.

But more importantly for the long term success of an organization, measuring marketing ROI is about more than simply justifying budgets. It is the means by which companies can move forward, gaining more market share and delivering more revenue with greater efficiency.

### Measuring ROI Leads to Success

Marketers out to improve marketplace positioning and brand loyalty will take advantage of the opportunities sure to arise when they cut back their advertising and lose focus on customer service. Email marketers are particularly well positioned to provide marketing support during a recession, delivering highly measurable and targeted campaigns. According to the DMA, email's estimated ROI per dollar spent is \$57.25, or more than double that of other forms of online marketing.

## 2. Put customers first

During a recession, your best customer is often a current customer. Acquiring new customers is far more costly than keeping the ones you already have. And during tough economic times, consumers are less likely to take risks with new companies or products, preferring to stick with trusted sources and brands they know. Take the time now to really focus on serving the need of existing customers in order to turn them into loyal brand advocates. Taking care of customers sends a reassuring message into the marketplace, signaling that the company has staying power and a commitment to key constituents.

When you take special care of your customer base, your competitors will have to employ more aggressive and costly measures to try to usurp your market share.

Solidifying brand loyalty and revenues during a recession requires sending consistently engaging marketing messages to customers based on a solid understanding of their likes, dislikes, preferences and behaviors. Savvy marketers understand the feeling customers get from receiving a marketing message meant especially for them. Perhaps it reflects the answers given in a survey, or offers a promotion or additional information on a desired item or topic, or even acknowledges a negative customer experience by trying to win back their loyalty.

But despite the nearly universal recognition regarding the importance and benefits of one-to-one marketing, JupiterResearch finds that most marketers still struggle with creating highly relevant messaging.<sup>3</sup> Chief among the reasons, marketers cite a lack of time and difficulty in executing sophisticated tactics. As a result, they tend to stick to one-size-fits-all messaging and hope for the best, especially when times are good and people are buying. When times are not so good, they mistakenly stick to the status quo, and that gives a competitive edge to companies willing to alter their marketing programs to improve cost effectiveness and efficiencies.

Investing in the time and effort to segment for improved relevance yields significant benefits. Regular and relevant one-to-one customer communications enables a company to better position its products and services. Taking the time to research and implement automated lifecycle campaigns can result in particularly high yields during tough economic times, and has the side benefit of ultimately freeing up marketers to spend time tuning across their channels, rather than simply executing campaign after campaign.

## 3. Gather customer information that you can act on

Now is the time to know more about your customer and the marketplace than ever before. Understand how customers define value and what expectations they have regarding your product and services. Monitor customer interaction with your brand and your messaging.

In the past, marketers were forced to rely on relatively sparse amounts of statistical data in order to make educated guesses about their target audiences. By contrast today, marketers are swimming in oceans of data, and the challenge has become how to make sense of it all. To avoid floundering in a sea of possibilities, choose data points that are most actionable and relevant in your overall marketing plan. Let your marketing objectives guide your actions.

What information do you need in order to maximize customer value? Reaching out to customers with messages based on behavioral targeting can help boost revenues and improve customer loyalty and brand positioning. Integrating a Web analytics tool with your email marketing solution can give you an invaluable look at customer desires and concerns. For example, reaching out to customers who left items in an online shopping cart or abandoned a sign-up process mid-way can make substantial differences in bottom-line results.

Once you have decided what information you want to act upon, create fields in your customer database that can be populated by the originating platform. Taking three popular online marketing platforms—e-commerce, Web analytics and survey tools—here are some examples of specific list fields that you can create in order to target customers, and the types of messaging that can result:

- Marketing Platform: E-commerce system

Behavior	Targeted Offer
Last product purchased	Offer promotion on complementary item
Amount purchased in last 90 days	Target moderate purchasers to buy more
Amount purchased last year	Offer percentage discount for spending more this year
Amount purchased to-date	Offer loyalty incentives to top customers

- Marketing Platform: Web Analytics solution

Behavior	Targeted Offer
Date of last visit to home page	Send announcement of new items when available
Date of last visit to customer support page	Ask if their needs were fulfilled and underscore your commitment to serving them
Page most often visited	Encourage purchase of specific items on that page
Last time arrived from email click	Enhance relevance by repeating similar calls to action

#### Tactics to Squeeze Out Revenue During a Recession

Crafting email messages that incorporate Web analytics data can generate nine times more revenue and as much as a 32 times improvement in net profit over undifferentiated broadcast campaigns. Even after including additional Web analytics spending, the use of Web-site data as a targeting attribute still significantly improves both top-line and bottom-line results.<sup>4</sup>

- Marketing Platform: Surveys

Response	Targeted Offer
Demographics, i.e., age, gender, location of residence, etc.	Send targeted offers like new store openings, birthday greetings, etc.
Leisure activities	Associate your product with the things your customers love
Customer satisfaction, i.e., would they recommend your product to others	Make it easy for customers to forward your offers to others

Once you've identified the data you want to act on, you'll need to enlist the assistance of your marketing solutions provider or IT department to create the technical integration points. They will need to enable an automated process for passing these key data points in order to make them actionable in your email marketing or other messaging-oriented systems.

#### 4. Coordinate messaging across multiple marketing channels

Particularly during tough economic times, when buyers tend to need more reasons to make a purchase, it's important to reach out to customers in a variety of ways. Multi-channel marketing delivers a more consistent and persistent approach.

There are clear and substantial benefits for companies able to incorporate multiple customer touch points into a marketing campaign. JupiterResearch reports that marketers using integrated tactics can boost revenues nearly four times. This increased revenue results from the improved relevance inherent in these integrated mailings.<sup>4</sup>

Begin a multi-channel marketing effort by taking advantage of what you already know. Use your current marketing platform integrations to create and populate new fields in your database that you can then use to enhance relevance and drive revenue through various online channels.

Successful multi-channel programs often use email as an alert for follow-up direct mail. For example, customers might receive an email announcing the imminent arrival of the next catalog, or notify recipients to expect to receive a special invitation to an upcoming conference. To add to your customer knowledge, follow up a direct mail promotional piece or tradeshow event with an emailed survey asking for input. Coordinate messaging from one channel to another to exponentially add to the power of each.

##### The Anti-Recession Power of Email

A March 2007 Forrester Research report found that 97 percent of consumers and 94 percent of marketers use the email channel. And email customers spend more online than their non-email counterparts, buy on impulse in response to email promotions and are more likely to tell others about the email promotions they have received<sup>6</sup>. Results like these make email the marketing channel of choice when companies are seeking high ROI.

#### 5. Put email front and center

Highly successful companies will utilize their email marketing database to coordinate and integrate important customer information into other channels. In fact, JupiterResearch has discovered that marketers are far more successful when they use email as a hub for other direct marketing efforts than when they use email in a silo.<sup>5</sup> The analyst firm found that three-quarters of marketers that integrated email campaigns with their off-line direct marketing improved campaign results, and 85 percent using Web site analytics in tandem with email saw higher returns.

Moving email to the forefront of a multi-channel and multi-pronged integrated data approach is key to improving campaign ROI, both because of the relatively low expense of email, and because it generates excellent results. Tapping into the powerful information available to you in your email database can power not only email messaging but other important customer touch-points as well. Sophisticated marketers understand that the true power of email lies in its ability to build long-term, personalized relationships with customers.

Email's ability to speak to individuals rather than crowds can be a key element to success, particularly during tight economic times. The successes you achieve along the way will help encourage key decision-makers in your company of the value of a sophisticated email marketing program over more expensive marketing channels.



##### Email Marketing Tools Increasingly Central to Marketing Execution

Historically, marketers have been constrained from adopting technology because of its inaccessibility. Technology for marketing initiatives typically became the domain of the IT department, and therefore an IT project, with an IT budget and IT-generated goals. Also, marketers have had to rely on third-party data-base marketing services for statistical analysis and insight into segmenting and targeting their audiences.

On-demand marketing solutions have propelled the email industry forward. The Software-as-a-Service model has freed marketers from the shackles of the IT department, and created a new environment in which marketers no longer have to be technologists in order to use technology.

In addition, the solutions themselves are evolving. Sophisticated marketing platforms have begun offering reporting and analytics that let marketers easily consolidate massive volumes of raw data into relevant, simple and actionable information. And marketing databases are morphing into highly efficient, integrated data warehouses that can quickly analyze innumerable responses on virtually any dimension and produce an easily understandable and unprecedented level of insight and detail for marketers.



## 6. Use quick-hit tests to benefit all marketing initiatives

By targeting messages based on the rich customer data you've added to your email database, you will be taking your entire marketing program a step farther than most. But why not go even farther and test various marketing assumptions before you send a campaign? Because most major email marketing platforms offer an integrated analytics module, you can quickly and easily analyze your marketing data in order to uncover the underlying drivers of response rates.

### Who should get your best promotions?

For example, when times are tough it is wise to focus your best promotional offers on those customers most likely to respond by making a purchase. You might logically presume that those most likely to purchase would be those who were your best purchasers last year. However, especially during times of economic uncertainty, that's not always the case. But by testing your assumptions through your email program, you can gain a better understanding of the kinds of offers that will resonate with your target audience prior to making major investments in other media. Those offers can then be incorporated into messages sent via other marketing channels as well as your ongoing email program.

### Who needs a little TLC?

You want to test your assumption that people who visit the customer support page are likely to be frustrated with some aspect of your Web site and are therefore less inclined to make a purchase. If you can demonstrate this, then you can take steps to treat them carefully and win them back.

Using customer history, ascertain the purchase history of people who have visited the customer support page in the last 90 days. Then send an email promotion to a random sample of those customers and measure the purchases made against the purchase history of people who haven't visited the support page. In doing so, you can determine if customers who are frequently knocking at your support portal are less likely to make a purchase.

Obtaining such insights can lead to solutions. For example, you could instigate a win-back campaign that includes a special coupon in their e-newsletter that says, "We want to win back your loyalty."

Online marketing studies have consistently shown that more highly relevant behavior-based targeting leads to increased response and conversion rates—not to mention happier customers with much higher lifetime value. Now that marketers are able to directly gather, measure and act on data that can be attributed to specific individuals, the repository and launching point for this information—the integrated email database—is becoming increasingly valuable to the modern marketing organization. Utilizing this rich resource during an economic downturn can put a company in a position of marketplace dominance.

### Silverpop Reporting and Analytics

Providing marketers with the tools to better understand their customers and improve their campaign results

Silverpop includes more than 50 predefined reports covering basic email metrics, list analysis, Web page tracking, reply management and deliverability. Additionally, Silverpop's analytics module gives marketers a customizable tool to understand how different recipient segments influence overall response rates.

All of the reporting and analytic features offered by Silverpop are included in the basic annual license. There are no extra fees, no additional logins or reporting portals.

## 7. Capture mind share with social media

Blogs, consumer product reviews, viral marketing and customer chat rooms connect customers to one another and to your business. Cost-conscious consumers are less likely to be influenced by a slick 30-second TV spot than by an email forwarded from a friend that touts the latest looks at their favorite store. Promotional messages that incorporate customer reviews can also help loosen tight wallets.

Social networking sites like MySpace and FaceBook have experienced wide adoption levels, and average users are spending more and more time on such sites. Globally it's expected that more than 200 million people currently log onto social networking sites each month. Seven out of 10 consumers aged 15 to 34 are involved in social networking communities.<sup>7</sup>

While some marketers still consider such channels as experimental, more will be taking a look at social sites during a recession. Their value lies in their effectiveness at carrying the voice of the customer through word-of-mouth social channels, creating higher resonance in the marketplace than traditional media. Additionally, Forrester Research points out that social networks are often more influential than traditional advertising at moving consumers considering a purchase but still evaluating options. And in the midst or on the fringes of a recession, the ability to cost-effectively turn thinkers into purchasers is beneficial.

## Conclusion

Marketing organizations have been slowly shifting hundreds of billions of dollars away from broadcast brand advertising and direct marketing to on-line media platforms. Expect to see that transition accelerating as the economy tightens. At the same time, out of necessity and opportunity, many companies will begin to focus their efforts on establishing and nurturing individual lifetime customer relationships rather than solely prospecting to strangers.

Marketers who focus on protecting brand equity will take full advantage of what an economic slowdown offers by using interactive marketing channels like email, Web analytics and social networking to reinforce their one-to-one messaging and to establish powerful relationships with their customers.

Fortunately, marketers now have the means to create personalized messaging, as well as the ability to measure response and alter messaging accordingly. This has allowed marketing organizations to become truly accountable. With hard data behind their efforts, marketers can test assumptions, increase efficiencies and make the business case for their initiatives despite rough economic times. As technology transforms the marketing landscape, email marketers are poised to drive and reap the benefits of this change.

## Footnotes

1. "Turning adversity into advantage: Does proactive marketing during a recession pay off?", International Journal of Research in Marketing, 2005.
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4. "The Chaos of Content," JupiterResearch, August 2007.
5. "The Road to Relevance: Exploring Effectiveness of Integrated Marketing," JupiterResearch, January, 2007.
6. "Developing an E-mail Marketing Strategy," JupiterResearch, Nov. 2006.
7. "Never Ending Friending," Fox Interactive Media, April 2007.

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