

10 Strategic Marketing Mistakes Small Businesses Make in a Slow Economy

With a solid plan in place, your business can be better prepared to weather an economic storm

by Jim Shanman

I recently had a conversation with a small business owner who was perplexed by this conundrum: Why is it that only when business is slow, and cash flow is lowest, does he then take time to reconsider his marketing strategy? He knows what needs to be done, but now he can't afford it. However, without adequate advertising, his business will continue to falter. Eventually, he tells me, it will pick up and then he'll start his marketing campaign, but he also knows he will have neither the time or energy to invest so it will get put off. Again. At least until the next business downturn and the whole process begins again.

I thought about his situation and realized many small to medium businesses experience this. So how do you change it? Your marketing plan is a good place to begin. Although marketing is a complex subject, here are 10 strategic marketing mistakes many companies make when business slows down and how to avoid them.

1. Letting Panic Set In. All too often the knee-jerk reaction to a slow business cycle is to stop all marketing. Bean counters love eliminating marketing expenses. However, if you have a marketing plan in place, the most important thing to do is keep it going. You may have to cut back in some areas, but by all means, keep the ball rolling. Otherwise, all that momentum you gained from months or even years of continued marketing will have been wasted. And the last thing you want is for a competitor to slip in the door while you take a little marketing siesta.

2. There is No Set Plan in Place. Too many companies don't have a well-thought out plan in place at all. If they had, they'd be more likely to ride out an economic downturn. A consistent and effective marketing campaign is key to not only generating new businesses but staying top of mind with existing customers, both vital elements for growing your business, especially in times like this. And be sure to write it down. Statistics show that a plan in writing is more likely to succeed than one that's not. Why? It brings focus, adds a visual cue and provides a point of reference.

3. Thinking One Advertisement will Save You. We see this a lot. Businesses think a single ad or promotion will boost their sales. This isn't likely. The odds of you landing a promotion on the doorstep of a customer the very day they think they need your services is small. It usually takes at least 10 and often as many as 30 impressions of your product or service before you make a sale. We recently had a client forgo a well-thought out, long term plan in favor of a one-time direct mail offer. They spent their entire budget on a mailing list and direct-mail flier. The result? Not one new client.

4. Not Having an Appropriate Budget. This is as important in marketing as anywhere else. Businesses should think about how much they are willing to spend annually in order to increase their sales. The other option is to operate on a "Let's see what we can afford this month" process, which is unwise in a good business climate and particularly foolish in a bad one, because the answer will probably be "zero". Set the budget, spend carefully and adjust if necessary.

5. Failing to Trust Strategic Partners. If you have a plan in place, chances are you're working with an advertising agency, PR agency, marketing firm, design studio or some combination of these entities. Sit down with them and re-evaluate your situation. Determine where to cut or where to increase your efforts and what will work best for the next 12 months. Your original plan is not set in stone and a responsible firm will welcome the opportunity to help you plan for the future, even if it means a little less work for them in the short term.

6. Changing Course Midstream. Business is down and even though your strategy had been successful, you're thinking now is the time to change your plan, right? Wrong. If you had a successful plan in place and now it's not as effective, chances are your plan is not failing you, the business climate is. Well-thought-out plans don't fail overnight. However, your plan should be flexible enough to allow you to make adjustments. For instance, maybe thin your mailing list and increase online advertising, instead of simply canning your direct mail program.

7. Waiting Until Business Improves Before Beginning a New Marketing Program. If you decide to wait until business increases before starting to

plan a new marketing program, you could be shooting yourself in the foot. The timing alone is a guess at best, but more importantly is the time you will lose. While you're waiting for the "ideal time" to begin a marketing program, your competitors are busy rolling one out, snapping up your customers. Start planning now so you can sow your oats while business is slow. When the economy does turn, you'll already have a plan in full swing. Those 10 impressions will have come and gone, putting you first in line for customers in need of your product. There's never a bad time to start. Doing so now, will not only set you up for when things turn around, but will also help protect you in the next slow period.

8. Not Recognizing the Crisis as an Opportunity. Its true, a crisis is an opportunity in disguise. Your competitors are thinking the same thing you are, "advertise or not to advertise", so beat them to it. Recognize that your customers may be seeing less advertising and promotional materials, so you now have an opportunity to stand out. Take advantage.

9. Ignoring New Markets. Time to rethink your strategy. Desperate times call for desperate measures after all. If you stay within your existing target, you're really reaching out to the same clients that are too slow to have purchased from you recently. It may not be their fault, but their lack of business is one of the things hurting you right now. So instead, explore a new market. What industries are doing well (and there are many)? Which can use your product or service? How can you reach them?

10. Reluctance to Make Tough Choices. Very often, when making budget cuts, companies have to make tough choices. In order to ride out a slow business cycle, downsizing throughout the company may be unavoidable. It's important to consider your marketing plan on equal footing with your other departments. As previously mentioned, having a flexible plan is an important aspect of a successful program.

To summarize, companies should stay focused on three things: 1) developing and maintaining a consistent marketing program, 2) not reacting severely to a business down cycle by eliminating marketing or looking for a cure-all solution, and 3) recognizing the upside of the "crisis" before them, such as fewer competitors, and new market opportunities. Keeping these items in mind and focusing on the big picture and long term goals of the company, will not only help you ride out this down cycle but better prepare you for the turnaround.

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