

Advertising strategies for recessionary times.

How to drive growth for your business

Rising above a challenging market.

Outperforming your competition to survive and thrive in a challenging market comes down to three things.

Pare costs, but not at the detriment of long-term brand health.



Understand the new needs of your customers to more effectively meet these.



Advertise – **the right way.**



Source: * <https://hbr.org/2010/03/roaring-out-of-recession> A study of 4,700 public companies, breaking down the data into three periods: the three years before a recession, the three years after, and the recession years themselves. **WARC Brands in a pandemic world: insights from Kantar's COVID-19 Barometer



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Drive short-term demand and long-term share.

Balancing both long-term brand building and short-term sales activation will influence effectiveness.

At least 50% of spend should be on brand.

That investment allows your brand to be the first to capitalise when the economy recovers.



Brands in consumer categories with high demand – and who can afford to support that demand – can drive short-term behaviour and sales with eye-catching initiatives.



For B2B marketers, the sales funnel is longer than consumer marketing. Focusing on the short-term makes little sense unless it helps shore up existing relationships.



“In the last recession, some advertisers cut brand advertising spend, assuming this to be prudent... it was the start of a dramatic drift to short-term activation media, something that has cost businesses dearly over the years since then.”

“Advertising in Recession - Long, Short, or Dark?” Peter Field; 2021

Advertising in a recession delivers results.

Stronger ROI

60% of brands saw ROI improvements during the last recession - even the brands that increased marketing investment.



Business Growth

Brands who increased media investment realised a 17% growth in incremental sales.

+17%

Brand Building

Over half of brands that increased marketing investment saw ROI growth in back-to-back years.



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Failing to advertise in a recession creates risk.

An average brand could lose almost

15%

of its business if a similar sized competitor doubles its marketing investments.



You can't afford not to advertise.

When you cut back on ad spending, consumers lose sight of your brand and products.



Brands continuing to advertise in a challenging market offer a sense of stability - your brand becomes a safe pair of hands for consumers to trust in.



When everyone else in your category drops ad spend, the background noise level drops for consumers – they can focus more clearly on your brand and your message. You grow share of voice – which typically grows share of market.



When consumers are open to new habits and new ways of thinking you can re-position your brand, or even open new markets by introducing a new product or service.



Learning from the past.

1990-1991



Both Pizza Hut and Taco Bell advertised more, while McDonald's stepped back.

Pizza Hut sales grew by 61%, Taco Bell sales grew by 40% and McDonald's sales declined by 28%.

2007

icebreaker

During the GFC, Icebreaker adapted its messaging to emphasise the durability and value of its products to drive appeal and sales even during tough times. Over the next 10 years, its share price more than doubled.

2008-2009

GROUPON *venmo*



Used the downtime offered in a low-activity market to innovate while competitors took their eye off the ball.

Groupon, WhatsApp, Venmo and Uber were all founded during the 2008-2009 recession.

Challenging times create new behaviours.

No matter how your audience sees themselves, purchases are prioritised: essential, a treat, postponable or entirely expendable.

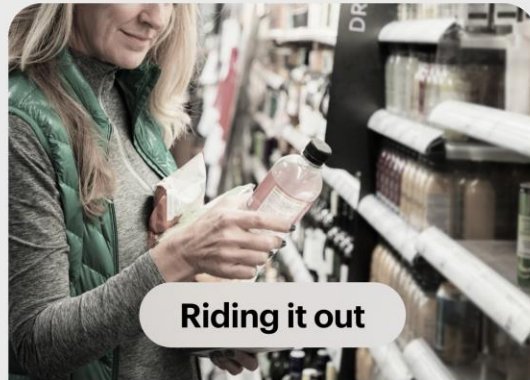


The hardest hit

From cutting everyday costs, to delaying big purchases, to substituting for cheaper brands, these consumers are reducing spend wherever they can.

They're driven by anxiety that the future won't be better than today.

You can drive short-term sales, low-cost substitutes and future brand consideration.

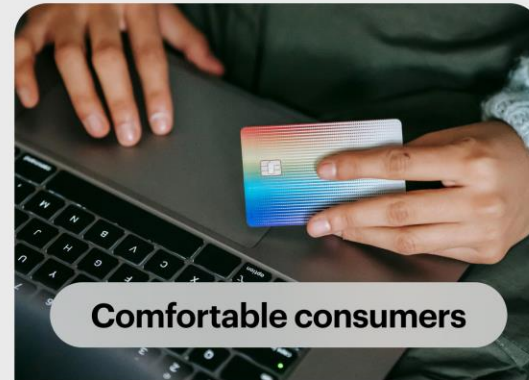


Riding it out

Most people will economise – but less aggressively. They may make further cuts if conditions don't improve.

Optimistic and resilient, they've not been affected by job loss, health, or income cuts.

You can reassure through messaging continuity and drive brand share of voice.

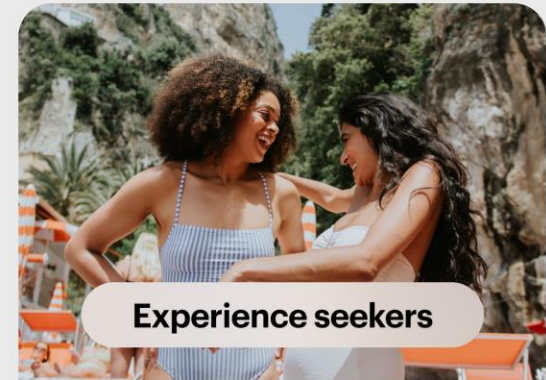


Comfortable consumers

The recession hasn't markedly changed the behaviour of this audience. Secure and spending, they may be less conspicuous than they were in the past.

Financially comfortable through high income and/or safe investments.

You can grow share of voice as competitors cut spend, and promote profitable, high-value products and categories.



Experience seekers

Already focused on buying experiences rather than things, as a result they're living very much as they always have.

Younger, urban audiences, they're focused on living in the moment.

You can show your brand's role in creating memorable experiences that will deliver value to them.

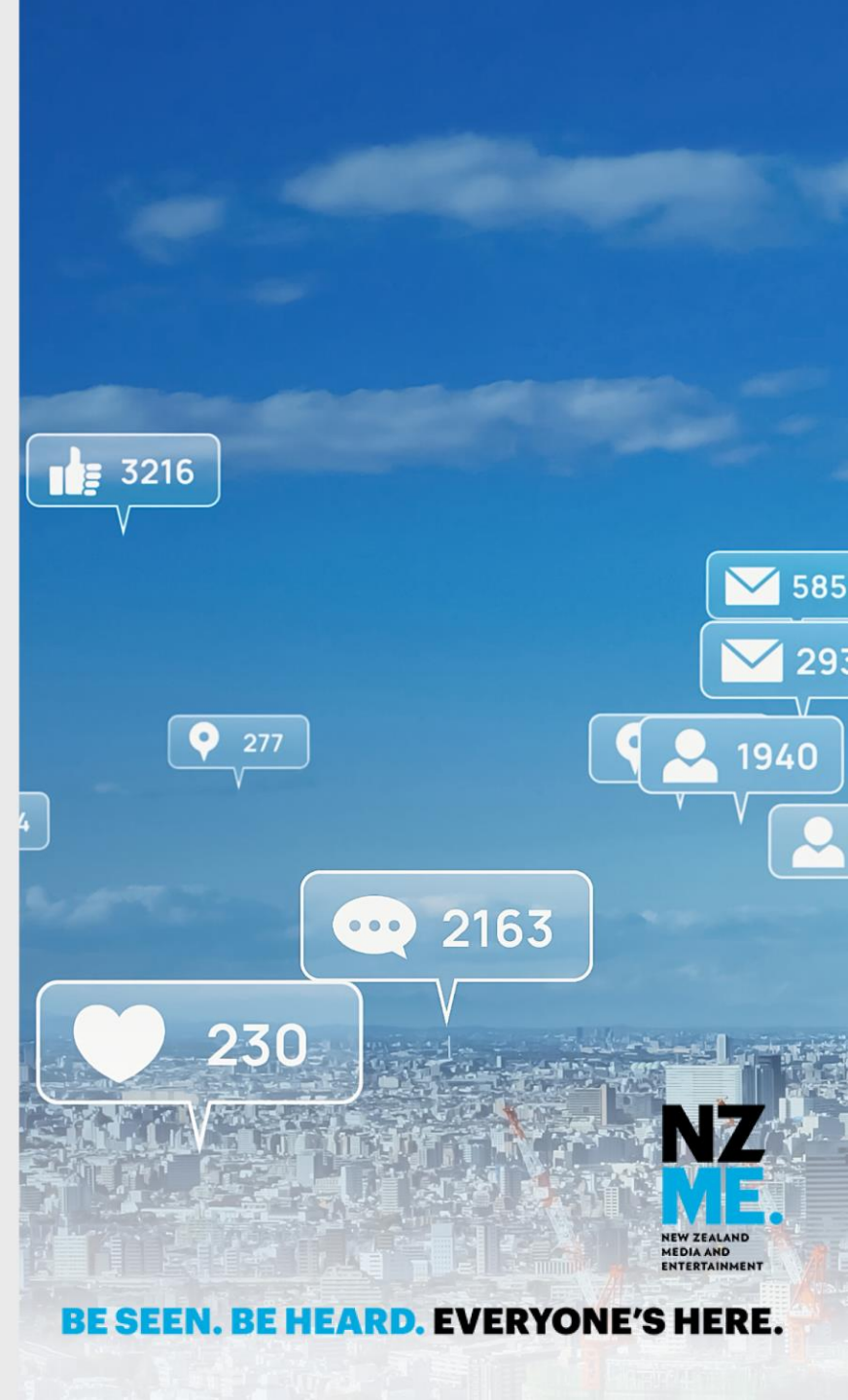
It's not just consumer brands who are impacted.

Brands who maintained or increased B2B advertising grew significantly through the 2007 recession and following years.*

Sales of those that advertised aggressively grew 275% over those that didn't.*

B2B brand associations created now are likely to bring the greatest sales benefit during the recovery period, precisely when the rewards are biggest. Brand advertising is not about profiting in recession, it is about capitalising on recovery.^

Source: *<https://hbr.org/2010/03/roaring-out-of-recession> A study of 4,700 public companies, breaking down the data into three periods: the three years before a recession, the three years after, and the recession years themselves. McGraw-Hill Research analyzing 600 B2B companies. ^<https://linkedin.com/business/marketing/blog/linkedin-ads/advertising-in-recession-long-short-or-dark>



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Building brand in a challenging market.

Relevance and authenticity are key.

Focus on value

Affordability, quality, and practicality align with consumers' needs for cost-effective solutions.

Adapt your messaging

Tailor advertising to address consumer concerns and reassure them of the brand's reliability and commitment.

Build trust

Cultivate loyalty through transparent communication, consistent branding, and customer-centric messaging.

Respond to the current need

Consumers are open to new product ideas, since their usual habits have been interrupted. They're particularly interested in brands that respond to the way they live now, and anticipate living in the future.



Consumers will protect the brands they trust.

Consumers who fully trust a brand are more likely to purchase that brand, stay loyal to it, and advocate for it. Loyalty not only earns brands their customers' business, but it will also grant them forgiveness when it makes a mistake.



Source: 2024 Edelman Trust Barometer

Percentage who say **I'm more likely to do this on behalf of a brand I fully trust** vs one I do not.

Purchase (net)

Buy new products
Buy it even if it's more expensive

63%

Stay loyal (net)

Do not shop around for the other brands
Even if it makes a mistake
Even if others accuse it of wrongdoing

55%

Advocate (net)

Recommend the fully trusted brand to other people

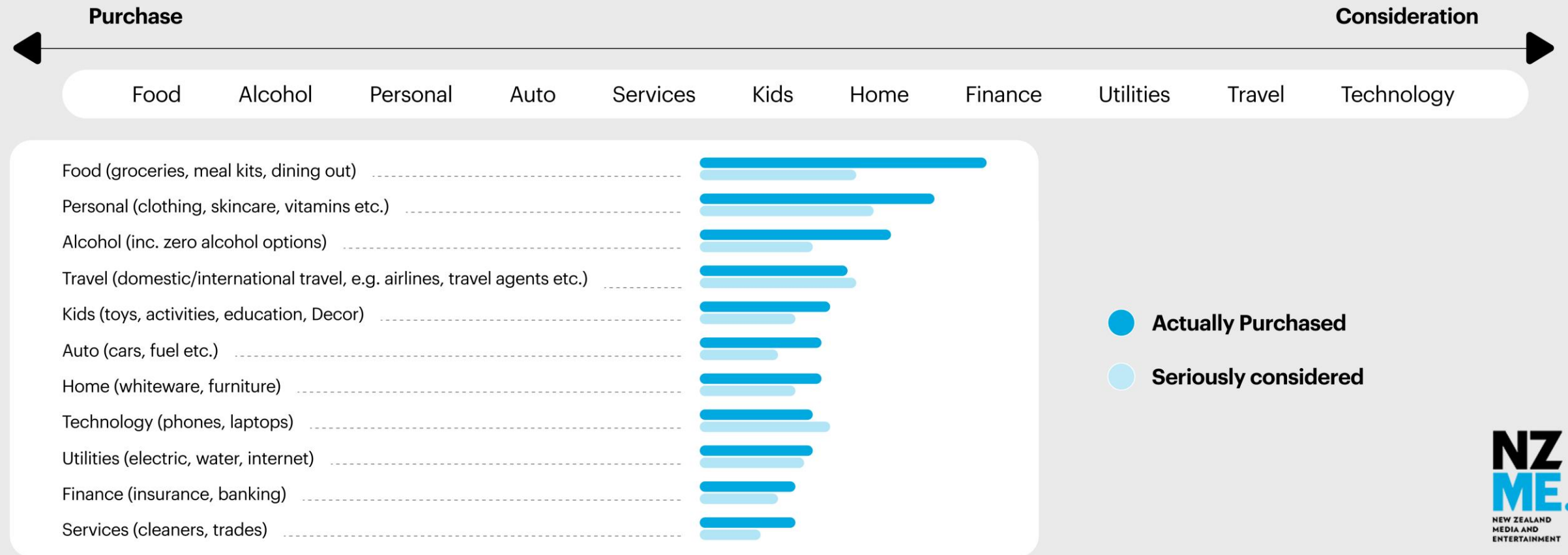
53%

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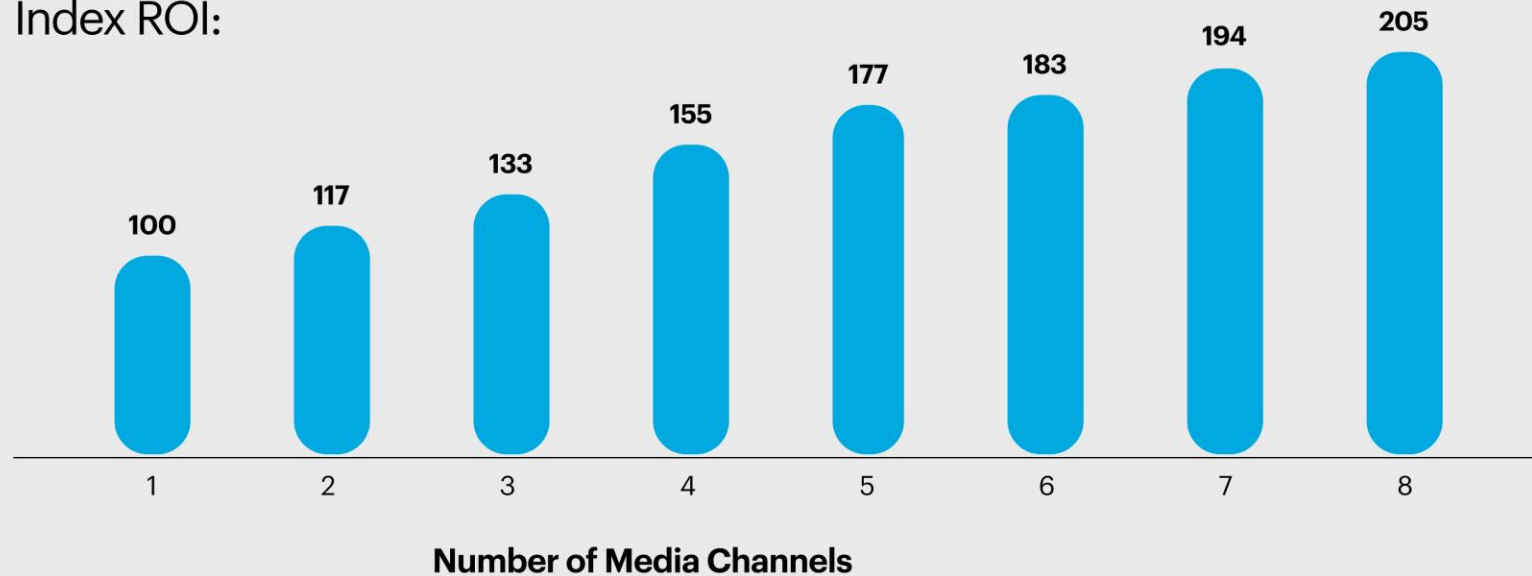
Consumers are still spending and considering future purchases.

Be the brand they remember. Action and consideration is driven by seeing or hearing your brand.



The most effective campaigns are omni-channel campaigns.

Index ROI:



Source: Analytic Partners' ROI Genome.



"Provided you can afford them, and you've got scale, the more channels the better. The effectiveness line keeps generally going up."

- Mark Ritson



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Know how to maximise your effectiveness.

Marketing performance should not be analysed in isolation as media channels work together and complement one another.



Research by Analytic Partners in the USA found that campaigns using two channels were 17% more effective. Additionally, the more channels added, the more effective those campaigns become.



Audio and Digital are a particularly strong combination, as digital has a strong visual presence which is important for recall, brands see a 37% uplift across all metrics when audio is added to a campaign.^



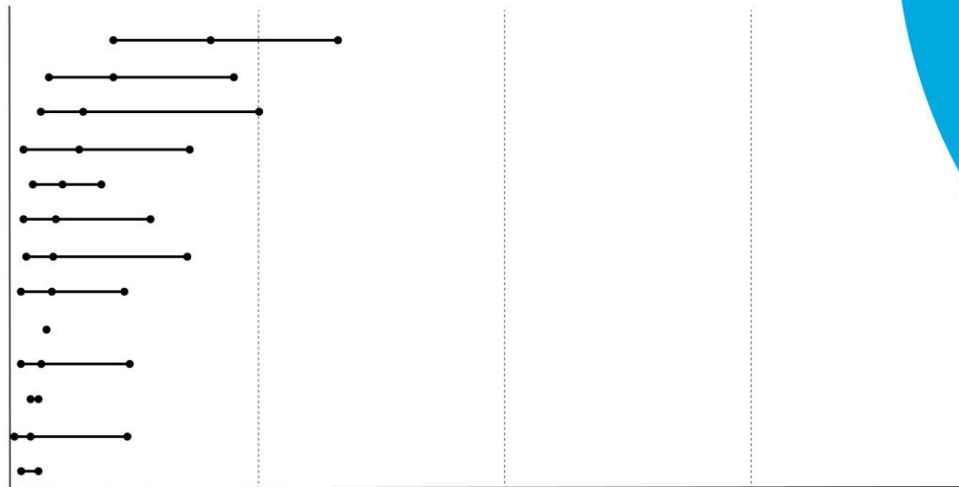
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In fact, 30% of search clicks are due to other marketing activities.

30%

Drivers of paid search:

Digital display
Radio
Social
Digital Video
CRM
Streaming Video
Digital Audio
Promotion
Print
Affiliates
Cinema
PR
OOH



More than just media.

NZME is invested in solving your business challenges with cost-effective capabilities to effectively engage your audiences.



Channel & brand expertise



Media strategy & planning



Creative strategy



Research & insights



Digital performance marketing



Audio scripting & production



Video scripting & production



Native content creation



Design creative

In summary.

Surviving and thriving through recessionary times.

Keep investing in marketing your brand.

Customers who can't afford to buy today will remember and choose you when they can once again afford to.

Be Seen. Be Heard.



Monitor competitor activity and be ready to react.

Grow your share of voice to grow your future revenue and share. If the resources can be found, consider the opportunity to invest in lower-cost long-term growth by increasing share of voice during the recession.

Be available, in the channels your consumers choose every day.



There's value in consistency.

Unless it's blind to the mood of consumers, don't walk away from your existing brand campaign – consistency can offer huge reassurance to consumers. Advertising that demonstrates humanity through warmth, generosity and humour serves a real human need when times are tough.

Be real, be present.



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Recessions don't last - strong brands do.

We're here to help you capitalise on today's opportunities,
and grow your future revenue.

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or email advertise@nzme.co.nz



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