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# FROM STORM CLOUDS TO SUNSHINE

TURNING THE RECESSION INTO A MARKETING OPPORTUNITY





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**Have you noticed how quickly so-called “business leaders” can turn into wimps?** They strut their stuff when the economy is booming, making it clear that their success is of their own making. But when things turn sour, they run for cover, blaming company failures on circumstances beyond their control. Out of desperation, they lay off workers, cut benefits and slash budgets — including marketing.

Not every company capitulates in the face of an economic storm. Take these, for example. Wal-Mart, Hewlett-Packard, Proctor & Gamble and Apple all have one thing in common: they are all excellent, unrelenting marketers — and they lead the competition in their categories. In other words, they refuse to hunker down.

Here are steps to take to make sure your company continues to thrive:

### **View your business as a marketing organization.**

Whatever else this recession may prove, it will dramatize the difference between companies that see themselves as marketing organizations and those that don't.

Two retailers make the point. One is a somewhat upscale men and women's shop in Newport, Rhode Island, where the experienced owner takes a personal interest in serving his customers.

Unfortunately, he does no marketing. Although there are appealing twice-a-year sales, they aren't promoted. As might be expected, same-month revenues have plummeted compared to previous years.

Then, there is an upscale women's clothing shop in tiny Hingham, Massachusetts. The owner, a marketing-driven retailer, constantly gathers contact information including email addresses from her customers and keeps them informed by email and direct mail. She didn't just start when economic conditions changed. This shop is busy and doing business.

One sells clothes and the other creates customers.

In the same way, the owner of a regional business reported that sales for a group of peer operators in his industry were down 10%, his company was up 1.3%. That spread is no accident, since he maintains a consistent, effective marketing effort, year in and year out.

**Don't try to outsmart customers; it only drives them away and they won't come back.**

**Give customers a reason to buy from you.** By the time the public had a good look at the presidents of GM, Ford and Chrysler, only one company came through with a positive image. Ford. While the other two presidents whined, pleaded and characterized their companies as on life support, Ford said their company was sound, had financial reserves, didn't need a government loan and had significant plans to increase vehicle fuel efficiency and speed production of electric cars.

Chrysler and GM viewed Congress as their “customers,” while Ford looked beyond the hearings, recognizing they had an opportunity to communicate directly with the public. They know what their customers want and they are prepared deliver the right results. Ford stood out from the competition and gave consumers a reason to put a Ford in their future. This is exactly what customers are looking for from every business. If they don't have a reason to buy that makes sense, they won't.

**Don't try to outsmart customers.** It's now clear that last November's “Black Friday” was really “Bleak Friday.” Customers actually “raided” retailers, cleaning out the lowest-priced merchandise and then going home—not to return. The next day, Saturday, was a disaster, indicating that the big shopping was finished.

Macy's, the nation's department store behemoth, flooded its customers with e-mail and direct mail with all types of dollar-off cards and coupons. Its print and TV ads told the same story. Yet, the cards and coupons were fraught with so many exceptions, it was clear Macy's was doing a con job on its customers. They sent a powerful message: “You can't trust us. All we want is to get you in the door and maybe you'll buy something.” In effect, Macy's became irrelevant.

Don't try to outsmart customers; it only drives them away and they won't come back.

## While most hunker down to ride out the storm, others see opportunity to build market share.

**Think inside the box.** Innovative thinking isn't about something new and clever that has everyone saying, "Oh, yeah!" Sure, there are a few "wow" moments, but to spend time looking for them is to miss what's right in front of us.

When a San Diego high school calculus teacher had his supplies budget cut, he thought inside the box. With so many quizzes, he uses a lot of paper. To pay for producing his tests, he contacted businesses that might be interested in a one-line sponsorship at the bottom of a test. He only needed \$300, but is on course to collect about \$1,000, which he's using to help colleagues with their supplies.

In-the-box thinking focuses on how to capitalize on what's in front of us.

**Build customer relationships.** An interesting offer of a free report came from a well-known research firm. The subject, "Consumer Interests Drive Email Opens," was of interest, so I filled out the e-mail form and downloaded the document. In fewer than four hours, the phone rang. It was a telemarketer from the research firm. In that instant, the picture became clear. Before I even had time to read it, the report was simply a gimmick, a hook to sell something.

A far more productive marketing strategy, for example, is The Wharton School's "Knowledge@Wharton" eBulletins that contain valuable information. On occasion, Wharton presents opportunities to purchase books and other materials, but they create so much credibility by sharing knowledge that there is no conflict with what they are selling.

Whether business buyers or consumers, everyone wants to be treated with respect and that comes from being offered value.

Everyone talks about building customer relationships, but few are serious about doing it.

**Have the right marketing message and stick with it.**

The most efficient way to kill marketing is to put it in the hands of salespeople. Their rightful interest is in the next sale, not in the next customer. Their job is to see the trees, while marketers see the forest filled with customers who can become prospects for the sales force.

This is why companies with a sales mindset tend to falter and even fail in a recession: they run out of leads because they have never made a consistent effort to cultivate customers.

Not so with Wal-Mart. Its fortunes are soaring, while its peer group is not doing nearly as well. Wal-Mart sends customers a consistent, clear message, one that resonates with stressed, cash-short consumers: "Save money. Live better."

In effect, this is the Wal-Mart customer commitment and it offers far more than just lower prices and a cash register receipt. Wal-Mart promises its customers what they really want when they spend their money: the possibility of a better life. That's what Wal-Mart is selling. And behind its growth is a marketing strategy that attracts and holds customers.

These six concepts lead to one conclusion: while most hunker down to ride out the storm, others see opportunity to build market share. Ironically, it's so much easier to gain attention and make your case with customers while others sleep. When the storm inevitably passes, those that market will be ahead of the pack.

Now you know how to beat the recession: turn it into a marketing advantage. 