



GUIDE

How to recession-proof your marketing





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Marketing is essential in a recession

When an economic downturn hits, **marketing budgets** are often the first to be cut.

Marketing is sometimes considered to be a non-essential expenditure. When ad spend ramps up but returns very little on the investment, it's easy to understand why businesses may cut back. They have greater concerns such as paying salaries and investing in product development.

But when cuts are made to marketing budgets, it also reduces the chance of bringing in new business, negatively affecting growth goals. Put simply, cutting marketing budgets can foreshadow the end of your business as new leads dry up due to a lack of investment.

So yes, marketing is essential in a recession. In fact, recessions can offer incredible growth opportunities for your business.

There are many businesses out there that have survived their fair share of recessions. And they did so by maintaining their marketing functions. During the 1981-82 recession, business that continued to invest in marketing and advertising grew by a staggering 256%.

Following the recession in 2008 brands that maintained their marketing practices had 3.5 times better brand visibility than those that didn't.

Ultimately, maintaining your marketing presence during a recession will help you grow. Your brand will appear strong, stable, and reliable to your audience. And the more confident they feel in your brand, the more likely they are to do business with you.



Are we in a recession?

What is a recession?

There is no single definition of a recession, but it is commonly described as a significant decline in economic activity that lasts more than a few months.

The world economy has experienced four global recessions over the past seven decades in 1975, 1982, 1991, and 2008. The 2008 recession, triggered by the global financial crisis, was the deepest and most widespread affecting advanced economies around the world. Until now.

When will it happen?

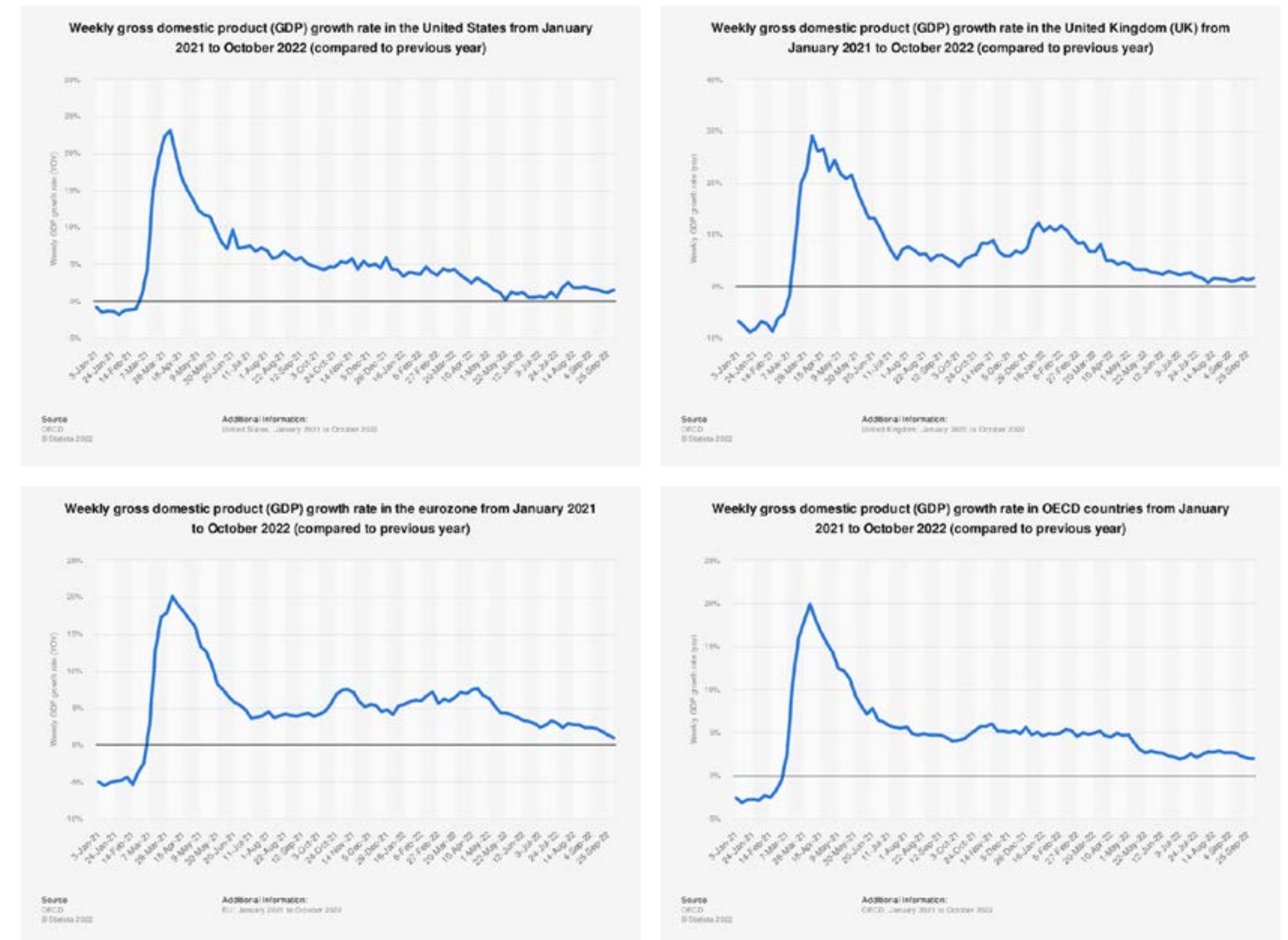
The next recession is imminent.

In fact, some economists and market professions claim that, due to the two consecutive quarters of negative gross domestic product (GDP), the US entered a recession in the summer of 2022.

But today, recessions are considered an unavoidable part of the business cycle. It is part of the regular expansion and contraction that occurs in a country's economy. Give or take a few years, recessions appear to be hitting every 10 years. So, creating a recession-proof marketing strategy is simply good business.

GDP growth is stagnating

Weekly GDP growth rate (compared to the previous year)



Why prepare your marketing team for a recession?

There’s no denying a recession will affect your business. Consumer habits will change across the board. People will be more cautious with their money. Frivolous expenditures will be stopped. Consumers are already making plans to have staycations and cut back on eating out.

In the business world, budgets will shrink as companies tighten their belts and brace for the bad times to come. Unpleasant cuts may have to be made.

Because of this, it’s vital you prepare early. Get your strategy in place now to ensure you’re in a good position to ride the wave in the months to come. Inevitably, this will save you and your team a lot of heartache down the road.



5 marketing strategies to protect and grow revenue in a recession

1. Invest in smart marketing tech

Marketing isn't optional – it's essential to bring in new revenue and growth.

Still, marketing suffers disproportionate cuts. Cuts to marketing budgets happen because they can be made *supposedly* without too many repercussions. Costs can be trimmed more quickly than production or product development costs.

But, as we've already explained, building and maintaining a strong brand presence is essential for success during a recession. An assessment of your current marketing spend will help you distinguish between essential and wasteful costs and help you identify where you can streamline.

Your marketing tech is definitely an essential marketing expenditure. But it needs to be smart and integrate with your existing marketing stack.

All-in-one marketing automation platforms

All-in-one automation platforms like Dotdigital connect data from disparate sources across your stack like your CRM and ecommerce platform. This streamlining of marketing process using intelligent automation tools can improve team efficiency by 95% and lead to annual cost savings of \$21,000¹.

A platform like Dotdigital unites data making it significantly easier to create personalized messages and to deliver them in a timely fashion. Pulling in information about recent activity, preferences, location and more, delivers your team the insights it needs to build triggered marketing campaigns that land in the inbox when it matters – increasing your chances of converting every customer.

¹ The Total Economic Impact™ Of Dotdigital, page 2.



2. Build a foundation of trust with your customers

Your customers have gone through a lot recently – from dealing with a global pandemic and empty shelves, to supply chain issues, rising inflation, and now an impending recession. Their confidence is understandable shaken.

A lot of consumers today feel as though irresponsible business practices of big businesses are to blame for the current cost of living crisis they're facing. That means you need to go over and above to earn their trust. Customers need to have confidence in your brand before they decide to do business with you.

Create customer confidence

In trying times worried consumers see familiar, trusted brands as a safe place to spend their money. You need to start at the core of your business. Can customers trust you to protect their data? Are you asking them what they want and need and collecting their marketing preferences? Will you provide them with quality goods and services that make spending their money worth it?

More than that, what are you doing to better the community? Issues such as sustainability and corporate social responsibility are now affecting customers' perception of their favorite brands. The more you do – and the more you communicate what you're doing – the stronger the foundation of trust you're building.

But in the midst of a recession, you need to add another element too: empathy.

Empathetic marketing

While there will be a few customers out there that will float through the recession without a care, they're not the majority. Brands need to demonstrate how they understand what people are going through.

You should convey a sense of “we're going to get through this together”, and show gratitude for their business. Customers will remember this and will regard your brand more positively if they feel as though you empathize with them.



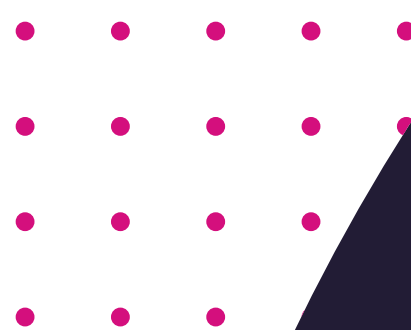
3. Understand your customers' behavior

Seemingly endless waves of bad economic news have eroded confidence and is impacting the buying power of your customers.

Customers are blowing hot and cold as they adapt to their new reality – it's a fever economy. Sometimes they're hot, sometimes they're cold. The only way to fully capitalize on the moment of intent when it comes is to study and understand your customers' behavior.

Customer personas

In an article by [Harvard Business Review](#), it is proposed that customers can be assigned to one of four personas during a recession.



Slam on the brakes

This persona will seek lower-cost product and brand substitutes.



Comfortably well-off

This persona will continue to buy its favorite brand and spend at prerecession levels.



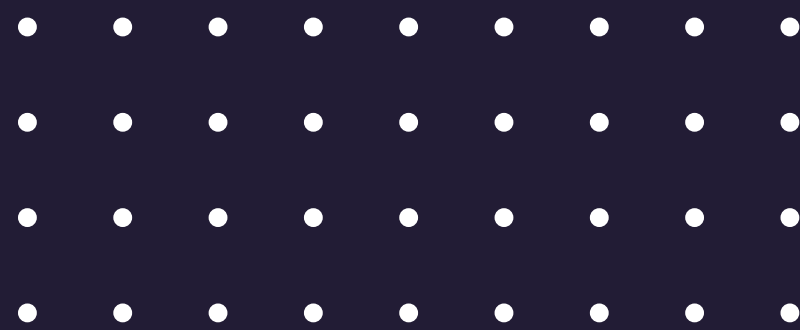
Pained-but-patient

This persona will seek out favorite brands at lower prices but will settle for cheaper, less-preferred alternatives and will stock up on good deals.



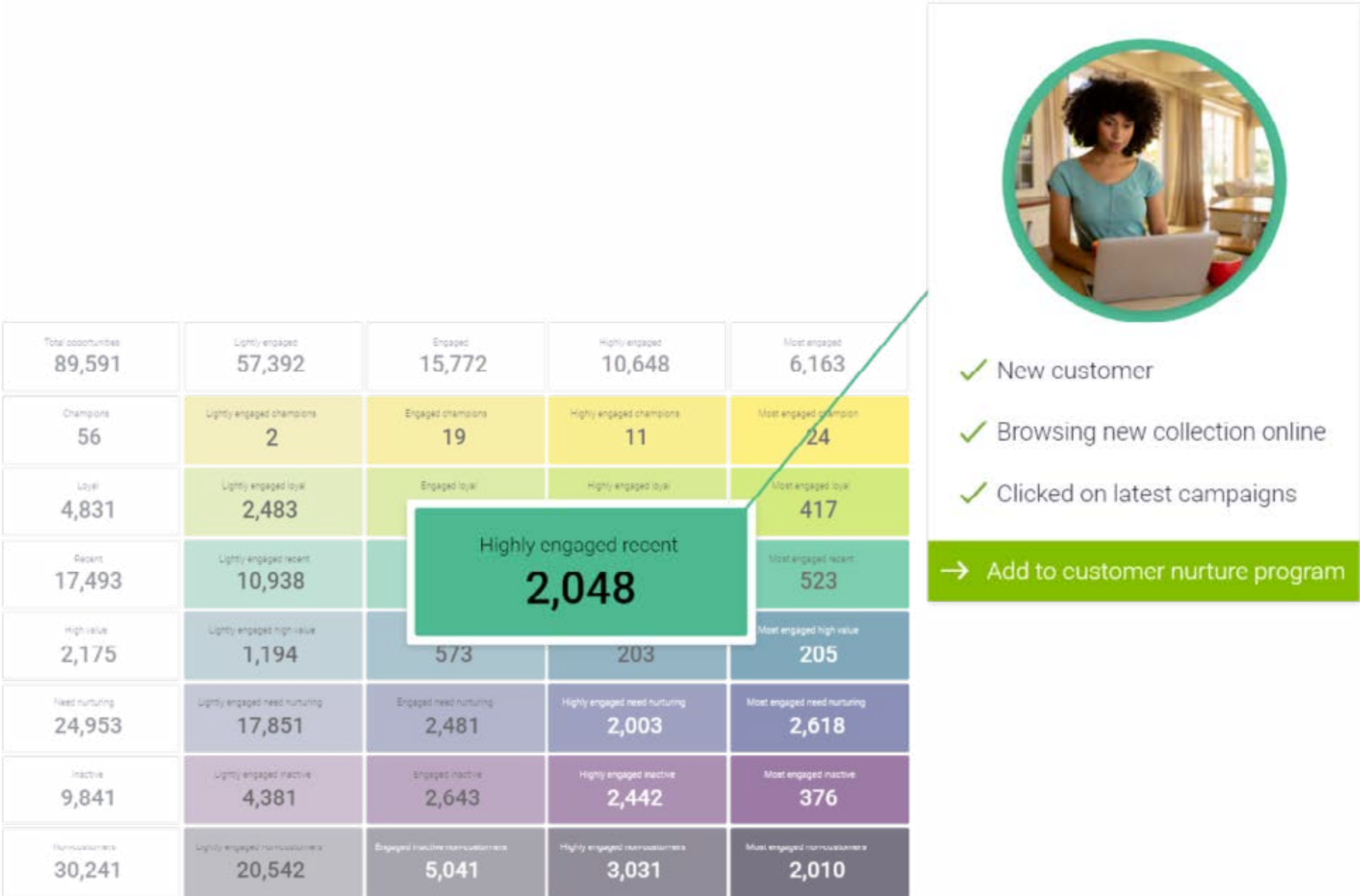
Live-for-today

This persona will carry on spending as usual for the most part unconcerned about savings, mainly expanding its timetable for big purchases.



Customer modeling tools, such as Dotdigital’s recency, frequency, and monetary (RFM) and eRFM will help you understand the spending and engagement behaviors of your customers. This will help you identify high-spenders, brand loyalists, who needs nurturing, and who is most engaged with your marketing efforts.

Using our persona movement tracker, you can keep a close eye on each group and target them accordingly. Are your loyal customers dropping into the lightly engaged group? Maybe they need a limited time offer to get them converting again.



Single customer view

You can learn even more about your customers' behavior by using single customer view (SCV). Single customer view allows you to deep dive into profiles that match your target personas. By diving into these customer profiles, you'll be able to learn about channel preferences, previous orders, and changing behaviors over time.

This will help you understand the customer journey and identify opportunities to automate their experience to deliver relevant and personalized marketing messages. In turn, this will lead to more conversion and stronger customer relationships.

4. Identify new opportunities

Keeping a close eye on your reporting and marketing analytics will help you understand the increasingly erratic behavior of your customers in today's feverish climate.

A fully comprehensive marketing suite will empower you to discover new opportunities across the board. Whether its opportunities to convert new customers, optimize the experiences, or develop new products and services, Dotdigital's reporting and analytics uncovers insight you don't want to miss.

Opportunities Dashboard

Our opportunities and persona movement dashboards help you keep a close eye on the health of your marketing database. If too many people are slipping into the unengaged group, there is clearly something wrong and improvements need to be made.

Similarly, it can surface long and short-term opportunities to grow your revenue by surfacing high-spenders who need to be enrolled onto a nurture program, or frequent shoppers who will be ready to convert with a little nudge.



Automation reporting

At the same time, your automation programs will be collecting insights into customer behaviors, interests, and motivations. Automation programs are guaranteed revenue drivers. They reduce the demand and workload of your team, allowing attention to focus on working smarter and more efficiently.

But it's not a case of 'set it and forget it'. Dotdigital's program reporting will do the heavy lifting for you, raising insights that will enable you to optimize your high-performing programs. Dotdigital customers who fully utilize our powerful automation capabilities can experience an ROI of 406%². So, if you're looking to grow your business despite the upcoming recession, reporting is essential.

Data visualization

What's more, sharing your teams' successes, identifying pain points in your marketing funnel, and more, is made simple thanks to Dotdigital's integration with Google sheets. Pulling in data in real-time allows you to extract, monitor, and analyze your data with ease and visualize it in Google Data Studio or your other reporting tools. You'll never miss an opportunity again.

5. Focus on customer retention

As well as your marketing tech, your existing customers are your most valuable asset. You fought hard to win their trust and their business. To really thrive during a recession, you need to be focusing on your customer retention tactics – they're going to be what keep the wheels turning when times get tough.

So, how do you boost customer retention?

² Total Economic Impact™ Of Dotdigital, page 1.



Customer data unification

For starters you need to use your customer data. Unifying your data into a single source of truth in Dotdigital will help you gain actionable insights into your audience.

SCV will help you understand your audience and their motivations, but it also does so much more. Your database will contain key contacts that are the perfect example of your core target personas. In Dotdigital you can build lookalike segments based on these contacts.

That means you can create segments that have similar interests, preferences, past orders and more, in a single click.

You can use this to create target audiences based on your most loyal contacts. The insights offered in SCV allow you to personalize the customer experience so every journey is unique. Paired with our AI affinity scoring that surfaces product recommendation based on likes and past purchases, customers will be delighted by every email. All the while, Dotdigital's intelligent marketing tools are doing the heavy lifting while you focus on your customer retention strategy.

Customer loyalty programs

In Dotdigital's **customer loyalty report**, we discovered that loyalty programs are now one of the top motivators driving email marketing sign-ups. Customers are at their most happy when they feel as though they are getting value out of their relationship with you.

During a recession, when belts are being tightened and spending budgets cut, a loyalty program is essential. Offering customers the opportunity to earn points, rewards, or discounts will keep you top of mind when it's time to make a purchasing decision.



Focus on long-term marketing success

Undoubtedly, customer behavior is going to change. It will likely remain changed for a couple of years after the recession has ended too.

One of the biggest changes we've already started to see and expect to only get stronger is their desire to seek our value and trust from a brand. The recession to accelerate preexisting customer trends that value sustainability, expect brands to be socially responsible, and resent being treated like soulless and mechanical consumers.

For years, marketers have put customers under the microscope learning about their behaviors, motivations and desires, and now customers are doing the same. Long gone are the days of monopoly.

Customers don't shop with a brand simply because it's the only choice available, or it's the only one that delivers to their area. They have a cacophony of choice, and they inspect every brand to ensure you meet their exacting standards.

For any business to survive a recession, understanding this is vital. You must focus your attention on meeting the customer's needs in every aspect. You should embrace changes to sustainability practices and CSR, and integrate them into your core brand values.

This will help you position yourself for long-term, post-recession success.

In no way will you succeed if you sacrifice quality (products, service, or marketing tactics) for savings and quantity. By shifting your focus onto smarter marketing and intuitive marketing tech you will have the agility needed for success far beyond the recession.



Start building a recession-proof marketing strategy with Dotdigital

Surface new revenue opportunities by getting Dotdigital to unify your data.

Getting a bird's eye view of customers' behavior enables you to segment your audience based on level of loyalty and type of opportunity. Dotdigital helps you tap into deep customer insights that make cutting waste and nurturing high-value customers simple.

Furthermore, our powerful program builder lets you scale your campaigns and extend your teams output using intuitive automation functionality. You can also seamlessly convert data insights into highly relevant, personalized email and SMS campaigns that can be built in minutes thanks to our unique easy editor building tools.

Talk to our team today to see how Dotdigital can help you drive ROI during times of uncertainty.

Get in touch today

To discover more about all the economic advantages adopting Dotdigital will bring to your team, check out Forrester Consulting's The Total Economic Impact™ of Dotdigital study.

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