next:

March 08

Recalibrating your marketing plan with a changing economy

by Dan Logan

Every day, it seems, this economy looks worse. Home prices are down. Inflation is creeping up. The cost of gas, food and many raw materials is high. Consumer confidence is the lowest it's been in 16 years. While economists still debate whether we're in a recession or just a downturn, to most businesses and consumers the question is academic. The reality is that money is tight, profit margins are shrinking and it looks like this will be the scenario for most of 2008.

So what does that mean for your business? How do you communicate with your customers and try to add new ones? Most companies laid out their 2008 marketing plans last year, before the depths of the current problem were clear. So should you stick with the plan, or adjust? And how? These are questions every business should be asking itself these days.

Obviously, the answers hinge largely on what type of industry you're in and importantly, who your customers are. But at some level, we're all in this economy together, and there are a few factors that all businesses share. Chief among them are:

- Volatility in the stock market,
- The tight credit market
- The prospect of change in government policies towards taxes and, health care

Volatility

A volatile stock market makes people nervous. Volatility will drive some companies and consumers to park their money in safe havens, or hold off on planned investments. Others will double down their bets on instruments designed to reduce risk – insurance policies, or stable bond portfolios. For any financial service company this is a good time to rethink which products and services you market to which target audience. For organizations that focus on technology, healthcare and, education they may think they are immune from some of this but volatility impacts computer sales, perscription drug purchases and student loans as well.

Credit crunch

The current economic troubles are not just about volatility, mood and uncertainty. There are very real forces at work that we all need to watch. Perhaps one of the most important is the credit crunch. Banks have already written off more than $200 billion in bad mortgages. There may be another $500 billion in questionable loans still on the books. Unsure of their own prospects, many banks have reined in lending. After years of cheap money, credit is hard to come by these days. In response, the Fed has slashed interest rates, with more cuts expected. But so far there's been little impact, just growing concern about inflation. What does this mean for you? And for your clients and customers? They may be unable to get the loans they need to expand, and thus cannot afford your help. They may cut spending on outside professional services. Or they may outsource more services to save on their own payroll.

trinity

potential. realized.

trinity communications
399 boylston street
boston, ma 02116

t: 617.292.7300
f: 617.292.7400

www.trinitynet.com

It's hard to predict how your customers will react to a tightened credit market – and of course their reaction depends on the behavior of their customers; even harder for you to predict – but what you can do is think about how you communicate with them and how you target potential new business. Think about what product lines you're promoting, and to whom, and if it's time to change the mix. Now's a good time to start that discussion and then decide on a courseof action.

Shifting Government policy on taxes, healthcare and retirement

Another thing we all have in common is government policy. The responses of lawmakers to the challenges facing our economy – both short-term challenges like the housing downturn and long-term ones like healthcare, Social Security, energy costs and an aging transportation infrastructure – will affect us all. And as we've seen here in Massachusetts, a bold effort to fix a complex problem like the uninsured can have all kinds of ramifications for business, some anticipated, some not. Spread a health insurance plan across the nation, and the questions multiply. Might it change the way companies manage their benefits packages and disability/back-to-work programs? What about their approach to disease management and wellness programs? Might it reduce revenue for hospitals and other healthcare providers? Might it create whole new categories of business, much as rising drug prices led to an explosion of pharmacy benefit managers? Again, there are so many variables that it's hard to predict what may happen.

In many ways the year 2008 is a wake-up call. So it is really time to start talking with your clients and potential clients about how they see the landscape of their industry shifting, and how you might capitalize. Because by this time next year, a new president will be trying to make his (or her) mark, and whatever they accomplish might trickle down to your bottom line.

Conclusion

In times as uncertain as these, the natural reaction is to do one of two things: either circle the wagons and pull in marketing dollars, or plow ahead with the existing plan, as if nothing had changed. But the wiser choice might be a different approach: Keep your marketing strong, but think about how to recalibrate it for a new environment. The challenges we face are solvable. Offsetting the negative impact of volatility may require a return to long-term thinking and the ability to block out short-term hype and buzz that 24/7 media can create. Offsetting a credit crunch may require building a very strong case on the potential R.O.I of any good business idea. As for the uncertainty around government action on taxes, healthcare, the environment and infrastructure investment, it has been said that government needs to choose one of three courses lead, follow or get out of the way. Reality is government does not move fast and waiting for it to resolve something may be the biggest risk of all.