

The Recession Is Over...So Now What?

By Dan Logan

On September 20th the National Bureau of Economic Research officially declared that the great recession was over...so now what??? What does this mean in terms of marketing your business?

The reality is the U.S. economy is the largest in the world and economic statistics, like stock market trends over certain time periods, can be used to rationalize a variety of viewpoints. So, when it comes to the subject of experiencing the recession much depends on where you live, what business you are in, and how your family and friends are doing. For most of us, things are either better or worse than the average.

For instance, if you work in the banking or real estate business or own a home in a state such as Nevada or California you may be convinced the recession will be here for a long time. Or, just turn on the television and listen to some political campaign ads and you may be convinced that this country is in a real mess. Study the unemployment trends and most realists accept the fact unemployment will stay near 9 percent regardless of any election outcome. Politics creates large ad budgets and confusion over facts, but it is more about getting elected than solving problems.

On the other hand walk into an Apple store, visit a craft beer pub, a Chipotle Mexican Grill or Panera Bread and you will see happy customers and fast growing businesses. The American consumer, which accounts for 70 percent of our economy, may be reducing their credit card debt but somehow airline seats sales and hotel room usage is up and the business sector alone is not making all this happen. People are visiting family and friends, going out to ballgames, movies and restaurants, buying smartphones and taking vacations. The majority of Americans have jobs, pay their bills on time and are committed to a certain quality of life.

Ultimately, as a business or marketing person you have to ask yourself what does this all mean to my business and my job, if anything. From the perspective of Trinity Marketing we have seen both through our clients actions, and in the broader marketplace, much more good news than bad on the marketing front in 2010. We believe the good things will carry over into 2011 and hope the bad things can be reduced. We have seen both new companies and established companies working hard on new ideas that deliver better value in responsible and meaningful ways. Companies are also finding new cost efficient and effective ways to tell their story and reach and touch their customers and prospects with both online and traditional media outlets. Our three key marketing observations for 2010 are as follows:



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1. Total value driven marketing is a major trend. Consumer values have shifted over the last three years. There is more focus on the environment, waste reduction, health, saving money and time or what some refer to as the total value equation. Whether people or businesses are buying a phone, cup of coffee, drinking water, credit card or complex products and services such as a 401k plan or a healthcare plan people are really trying to understand the complete benefit and cost of what they do.

Companies such as Brita Water, Green Mountain Coffee Roasters, Netflix and craft beer companies such as Boston Beer Companies [Samuel Adams] provide value and differentiation and come across as environmentally aware and not wasteful. They saw revenue growth throughout the recession. Because they have a loyal brand franchise willing to frequently and vocally endorse them they are also less reliant on big advertising budgets to generate sales. At the same time, Starbucks struggled during the recession with concerns over the price/value of their cup of coffee. Bud Light despite their billion dollar plus advertising budget, has come to realize that it is going to take more than a huge budget to defend its market share. Bottled water sales are on the decline. The point is we need to look beyond the average and study the winners and losers on the marketing front over the last few years.

2. Small businesses and entrepreneurs have been very effective at bringing change and new ideas to the market place despite the recession. Perhaps, because marketing people in small and mid-sized businesses lack the resources they must be more creative and resourceful than their big business counterparts, particularly in tough times. Whether it be scores of new ethnic food restaurants or new social media collective buying sites like Groupon, alternative energy companies like First Solar or an online provider of professional marketing services like Vistaprint, small businesses are growing, making change happen, and creating jobs in our flat economy. The demand for change, improvement, and new experiences is both an integral part of America's culture and what makes the marketing process necessary. The entrepreneurs and small businesses that have prospered over the last three years understand this. Collectively, they will have the biggest impact on our economic future.

3. Big business on the whole is out of touch with the marketplace. Many big businesses within industries such as airlines, automobiles, banking, insurance, oil, and credit card companies seemed out of touch with the consumer and business mindset during the recession. While there are exceptions, it appears most big businesses are either less aware or less sensitive to the need for more value in their offering. Large banks, credit card companies, oil companies, and airlines appear to have mastered the art of add-on fees for their customers during a recession when consumers and small businesses are most attentive to their declining cost/value equation. Southwest Airlines is one of the few exceptions with their no fees for bags stance. So, it is easy to understand why based on the Fortune magazine rating of America's most admired companies that Southwest ranked #7. No bank or oil company was rated in the top 10. Apple with its track record of innovation, creativity, and consumer insight and first rate service was rated the most admired company in America.

The marketing lesson for many big businesses looking back a few years from now may be never take your clients and customers for granted. While both Apple and Southwest have excellent advertising campaigns, the people who work at these companies as well as the word of mouth efforts of their customers are stronger marketing assets. No doubt with financial scandals, oil spills and a focus on profit in the short term many companies have forgotten the need to focus on value creation and good service for their customers. Because of their size and financial strength big businesses were far more likely to survive the recession than small businesses for these offenses. However from a branding perspective many of these big brands may have done themselves serious brand damage. The question going forward is will they get back to providing customers with good products and services for the price, or will they continue to choose to focus on everything but?

As always we would appreciate any feedback you have on this perspective and would enjoy talking with you about value creation for your clients. **I can be reached at dlogan@trinitynet.com or at 617.292.7399.**