



Nuts to the Economy!

Why It's Not Crazy To Advertise In Tough Economic Times

Common sense dictates that when the economy is slow, businesses should cut back on expenses and weather the storm. And many have, especially when it comes to their advertising budgets. But who knows how long this economic storm will last? Sometimes it takes more than common sense to thrive in tough times—it takes innovation. In the words of Mark Twain: “Whenever you find yourself on the side of the majority, it is time to pause and reflect.”

Scaling back your advertising budget is not the way to go. In fact, it could prove to be quite detrimental. It has been proven time and time again that continuing to advertise during a slow economy will lead to profits for your company. This is true for all types of industry, from retail and tourism to travel and automobiles.

In 2008, the packaged food company General Mills not only continued advertising, they actually increased their ad budget by 11%. Spending more when times are tough? Seems counter intuitive. But as General Mills Chief Marketing Officer Mark Addicks told *Business Week*, when you're in a struggling economy, “brands that continue to expand [and] give hope and optimism historically do well.” And that's certainly the case for General Mills. Their revenue rose 8% and their operating profit jumped 4%.

During a slow economy, it's even more important to advertise because chances are, a lot of the other guys are too timid to continue spending money on ads. As Jessica Cipollo Executive Director of corporate accounts at MGM Mirage and MGM Mirage Advertising told *Advertising Age*, “When people aren't advertising, it's time for smaller brands to come out and be strong.”

Cipollo's position brings up a seeming conundrum, how can Las Vegas' hotels and casinos attract not only vacationers but also gamblers? When money is tight consumers can't afford luxuries, nor can they take risks. Well, the New York New York Hotel and Casino tackled the issue head on with their “Shut Up and Play” campaign. While aggressive, the campaign not only addresses the economic problem, it challenges consumers to defy it. David Angelo Chief Creative Officer of the David and Goliath ad agency (which was responsible for this campaign) told *Advertising Age* that, “The brands that do well are the challenger brands that have a strong voice and are unafraid to say certain things.” Be powerful with your advertising.

The idea of addressing the struggling economy head on is a practical strategy. *Advertising Age* blogger Marc Brownstein says recession advertising should “speak to the consumer with the economy in mind. Don't ignore the economic situation, embrace it and tailor your marketing to it.”

Virgin Mobile provides another example of advertising that is aware of the economic climate. Their Canadian campaign had the direct forceful tagline, “Screw Your Recession.” In his book *Business Stripped Bare – Adventures of a Global Entrepreneur* Virgin CEO Richard Branson explains his reason for aggressive advertising in a slow economy. He says, “The best, most solid way out of a crisis in a changing market is through experimentation and adaptation.” And the campaign paid off. Not only did this bold statement encourage consumers to spend during the recession, it generated even more brand attention. The press covered the slogan because of its originality and inyourface approach, giving Virgin Mobile a little extra free advertising.

Hyundai is a great example of addressing the economy with their advertising. Instead of challenging consumers to forget the economy and spend money anyway, they created a way for consumers to feel safe despite the unsteady economic climate. The Hyundai Assurance program was the innovative and wildly successful program that allowed customers to return a car if they bought or leased it, and then subsequently lost their job. Customers could walk away from their contracts without making any more payments, and their credit would not be damaged. Not only did this create good will for the Hyundai brand, but it made people more willing to buy a car during a recession. Genius. And even better, it paid off. According to s, “Hyundai sales rose 24% [in 2010], more than double the industry pace and gained 8.3% in 2009, as one of only three companies to post a sales gain in a ghastly 2009.”

What made New York New York, Virgin Mobile and Hyundai successful? They all created fresh, original advertising at a time when others were simply weathering the storm. Don’t be afraid to think outside the box. Creating and maintaining a presence is of utmost importance—make that your priority.

Brand yourself through your advertising. Your brand is the face of your company—it’s what people say about you when you out of the room and it’s the emotional component of the products/services you offer. In short, your company is your brand. Keep that in mind as you begin crafting any advertisements.

Advertising in a weak economy makes sense, you just have to be smart about the way you advertise. Address the economic situation and consider the fact that your customers might be on a budget. Advertise bold and advertise unafraid. Give your brand a presence in the mind of the consumer. And then sit back and watch your profits rise.

