

SEPARATING TRUTH FROM EMOTION:

Marketing Wisdom to Overcome Economic Turmoil



The heartbreaking toll the COVID-19 pandemic has taken, both as a health crisis and a growing economic crisis, is seemingly unparalleled. We are in uncharted territory, and the fear and uncertainty can be overpowering at times.

At Vision, SourceLink and Path Interactive (VSLP), we've had frank discussions over the past several weeks, both internally and with our clients, about the environment in which we find ourselves navigating within. Through these conversations, we've come to a unifying conclusion about our role.

We are, as we have always been, your advocates and advisors, cutting through the fog of uncertainty and fear to deliver data-driven truth so brands can make the best possible decisions for their businesses, employees, and customers.

We are working closely with our partners at Google, Microsoft and other key publishers to track weekly search trends and spot any changes as they occur. How people search is a leading indicator of the consumer's headspace and what they need most, and we want to bring you this critical information.

Together, we can all come out stronger on the other side by using real-time data, innovation, and historical performance in crises to make the best decisions we can.

RESILIENCE IN THE FACE OF A CHAOTIC MARKET

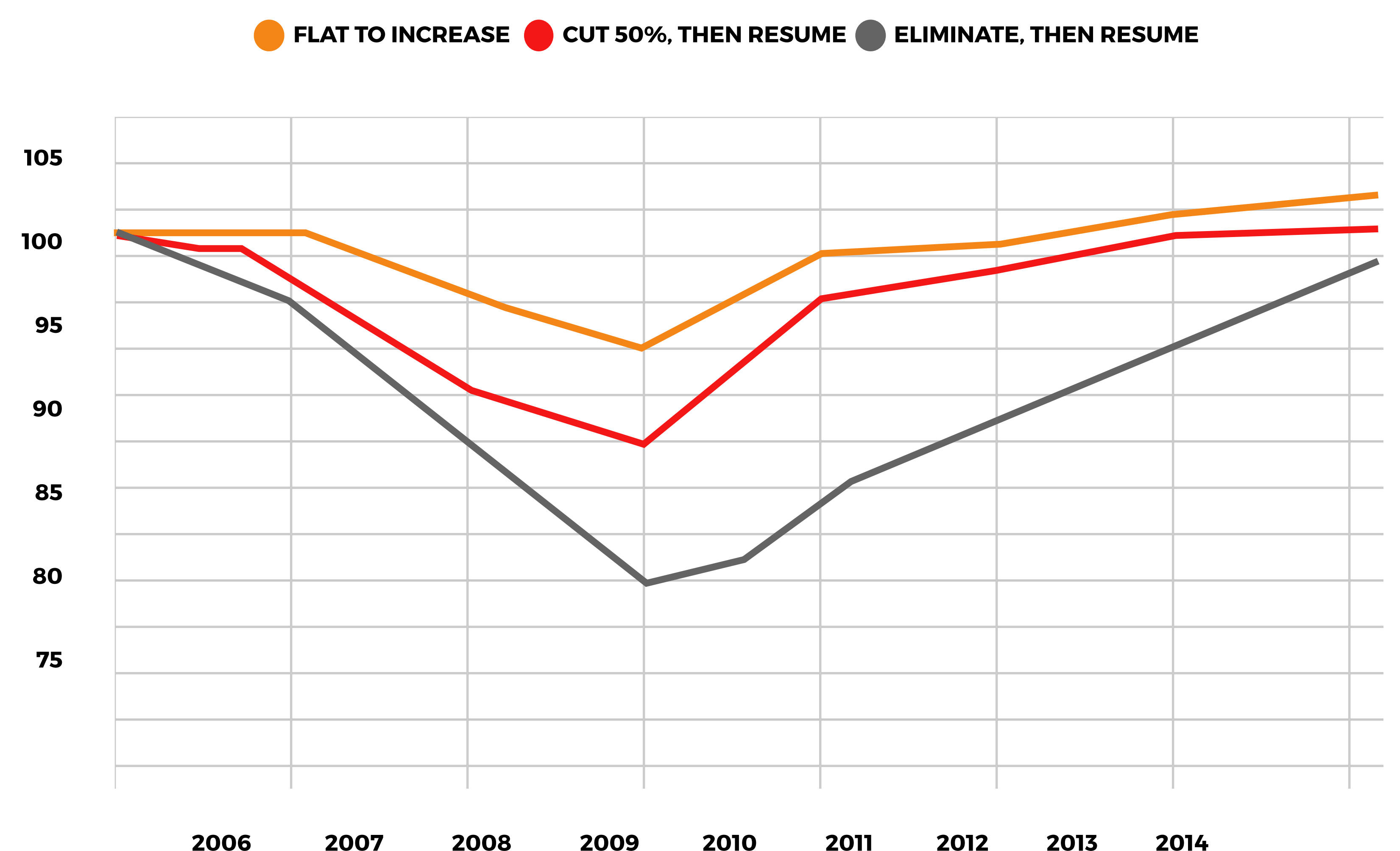
Whether it's a consumer or business, the first instinct is to protect, preserve, and retreat when an economic downturn crashes down upon our shores. Over time, the "stop everything" approach has proven not to be the best strategy, whether related to investments in the stock market or cutting critical expense lines of your business.

Today, most businesses face the same challenge: sales and revenues are down sharply due to COVID-19, and businesses are being forced to cut expenses quickly. However, it's not that simple. How do you decide which expenses are most prudent to cut and by how much? This decision is critical in both the short and long term and matters more than most business executives and owners realize.

Marketing and advertising are typically part of this consideration, despite being vital to a brand's revenue and market share. Cuts in this area will influence a brand's performance both during and after market downturns. A brand can only cut expenses so much before realizing there's nothing left to cut. Then, the only other lever you control as a business is to grow revenue, even in the most challenging times.

HISTORY SAYS YOU SHOULDN'T CUT YOUR ADVERTISING

A study of the 2007-2009 recession using data gathered from 200 brands found that brands who eliminated ad spending took nearly 5 years to recover while brands who maintained or increased ad spend rebounded much faster and, in some cases, grew their revenue.



Source: Data2Decisions, 2018

“ In past downturns, consumer goods companies that were able to increase share of voice by maintaining or increasing their advertising spending captured market share from weaker rivals... On average, increases in marketing spending during a recession have boosted financial performance throughout the year following the recession ”

- Harvard Business Review

A timeline of recessions by ASI Central illustrates the impact of advertising throughout each recession.

The question is: Which side of the fence do you want to be on?

1990's

A MarketSense study concluded the best strategy for coping with a recession is balanced long-term branding with promotion for short term sales. The study shows brands like Jif and Kraft Salad Dressing experienced sales growth of 57% and 70% respectively after increasing their advertising during the recession.

1980's

McGraw-Hill Research analyzed 600 B2B companies and found that those who maintained or increased advertising grew significantly ... both during the recession and the following three years. In fact, by 1985, sales of companies that advertised aggressively had grown 275% over those that didn't.

1970's

An American Business Press study showed that companies who advertise and market aggressively can maintain and increase sales during a recession and in the following years.

1940's, 50's, 60's

Buchen Advertising tracked advertising dollars vs. sales trends for the recessions of 1949, 1954, 1958 and 1961. They found that sales and profits dropped at companies that cut back on advertising and, that after the recession had ended, those same companies lagged behind the ones that maintained their ad budgets.

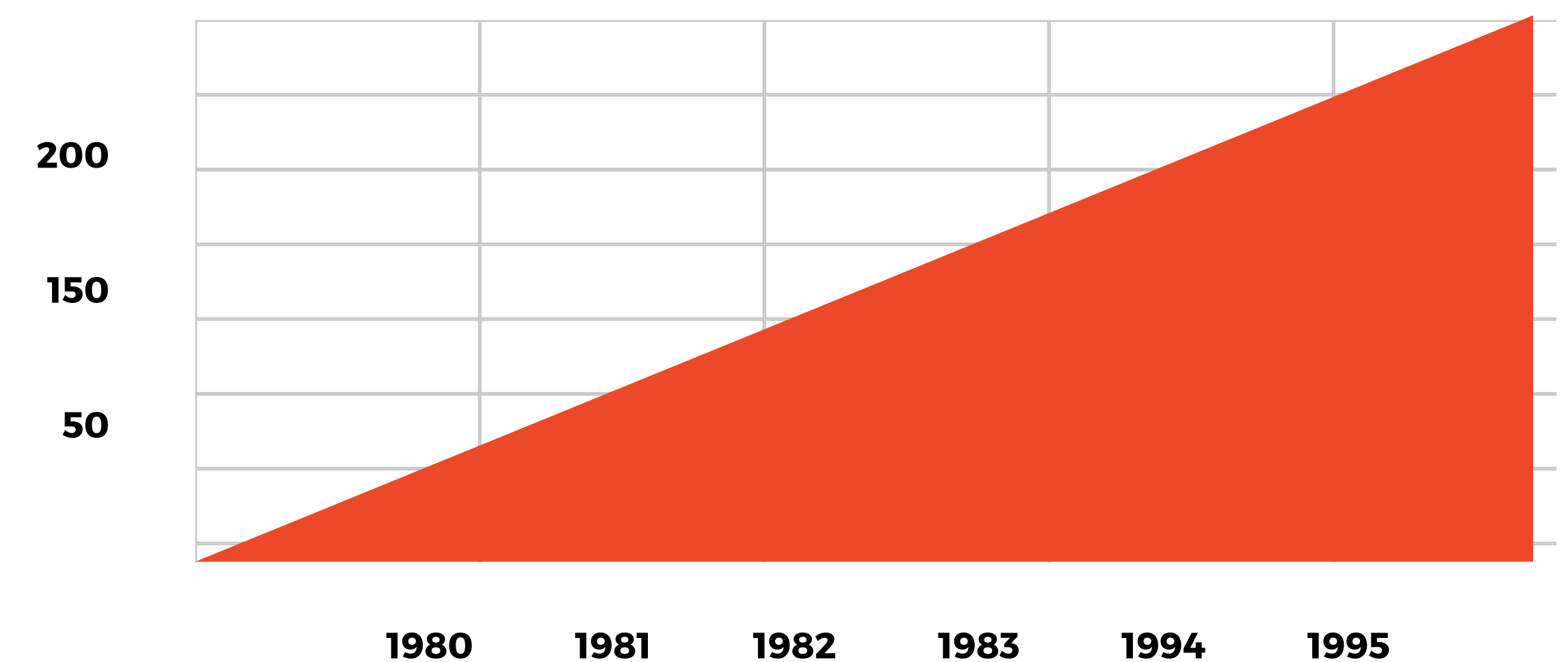
1920's

Advertising executive Roland S. Vaile tracked 200 companies through the recession of 1923. He reported in the April, 1927 issue of the Harvard Business Review that companies that had continued to advertise during the economic downturn were 20% ahead of where they had been before the recession, while companies that reduced advertising were still in the recession, 7% below their 1920 levels.

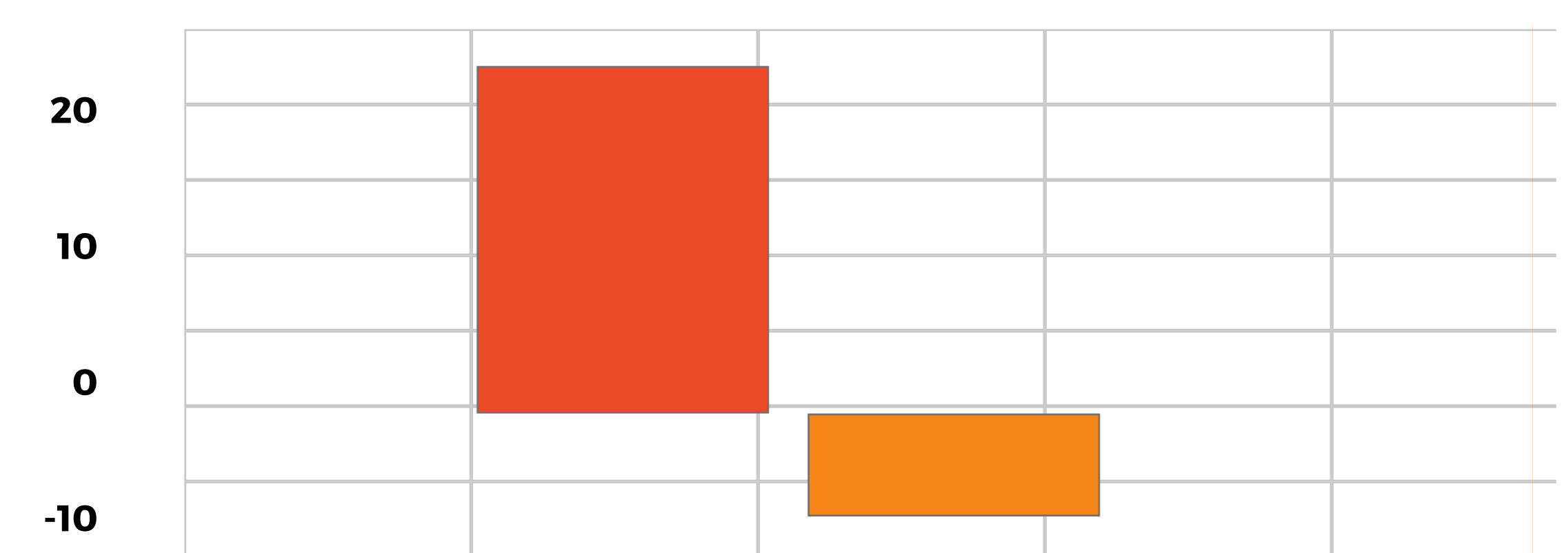
AGGRESSIVE CONSUMER ADVERTISERS



AGGRESSIVE B TO B ADVERTISERS



A CENTURY OF PROOF



MAINTAIN YOUR MARKETING AND BRAND PRESENCE

See Opportunities with Clear Eyes and Intent

Brands must think and act differently in the new COVID -19 environment and continue to engage consumers. Those that adapt, speaking to both existing customers and new prospects, will come out stronger than the brands who pull back. Staying the course now will help preserve and possibly grow your brand's market share at a lower cost compared to when times are good.

Pivot creative efforts to ensure you are communicating to your customers that you are open for business during the COVID-19 crisis and they are not missing out on what your brand has to offer, as those same customers will need a place to go when we all come out on the other side.

When things pick up, the brands that cut back will need to play catch up in the first quarter or two to fill their sales and revenue funnel, while their competitors who stayed the course will have more engaged customers and prospects that will have an immediate impact on their revenues.

bite squad

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This is a challenging moment in time for many as the COVID-19 pandemic continues to rapidly evolve. This is no longer about business; it's about doing all we can to take care of our community.

To help make Sakara food more accessible (and to support social distancing and flattening the curve), we've decided to offer a few options to make getting your nourishment at home easier.

ESTABLISH YOUR BRAND DURING A CRISIS

Your Customers Need You More Than You Know...

Now is the perfect opportunity to reconnect your customers to your brand story and values. American consumers will seek out emotional connections to the brands and businesses they engage with during this difficult time. Now is the time to be there for them.

Let customers know what you're doing to respond to the crisis, which can be accomplished in three different ways:

- 1. Show your customers what specific actions your brand will take. For example, Hanes announced that its facilities will be retrofitted to produce crucial supplies of personal protective equipment (PPE) for medical professionals.**
- 2. Offer your customers peace-of-mind with specified messaging on how your brand will handle its products or services. For direct-to-consumer, an informational campaign could mean that you highlight what hygienic steps your brand takes to ensure safety. Or, what your brand offers to ease social distancing practices. Papa John's is a good example of advertising contactless delivery of your pizza and ensures your food will not be touched once it comes out of the oven.**
- 3. Sometimes, all we can do is be there for our customers, emotionally. People will remember your encouragement and sincere messaging during a time of crisis. Communications from leaders go a long way to show we are all in it together. Bed Bath and Beyond, after placing an online order, sent a great example:**

Remember, you're recalibrating your brand and business from a promotional and transactional approach to one that's more human.

Going back to your roots and delivering a clear, value-driven campaign can create more viability for your brand now and down the line.

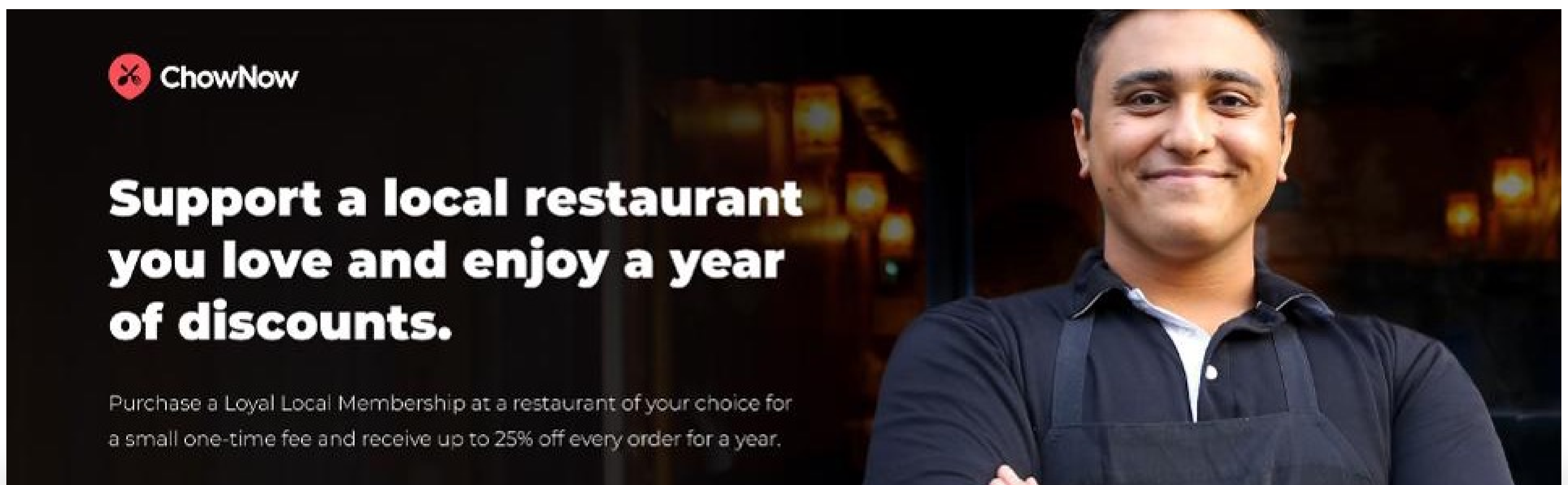


Mark Tritton
President and CEO

THINK DIFFERENTLY, PIVOT QUICKLY

Challenge yourself to think differently around how you can serve your customers' needs on their terms in a way this new stay at home environment dictates. The most obvious example is how restaurants have transformed their dine-in model to take-out service in a few short weeks to serve customer needs and keep their business afloat. Many retailers have quickly pivoted to focus on an ecommerce strategy to meet the growing online demand in this stay at home environment.

Some businesses however don't have the same clear transition or pivot path as the examples above, and they've pulled back aggressively or completely from their marketing efforts, cutting expenses and staff. Others have reinvented their approach and are fighting hard to win and get through this challenging time.



A Brand Pivot Close to Home

We work with a health and beauty client that has hundreds of brick and mortar locations throughout the U.S. They can no longer see patients at their locations, and the shutdown has devastated their business. However, they didn't give up — and neither did we.

Our nimble teams devised a new plan to adapt to the shutdown, shifting to testing a virtual consultation model. In truth, it was a gamble and some variables could have proven difficult to overcome.

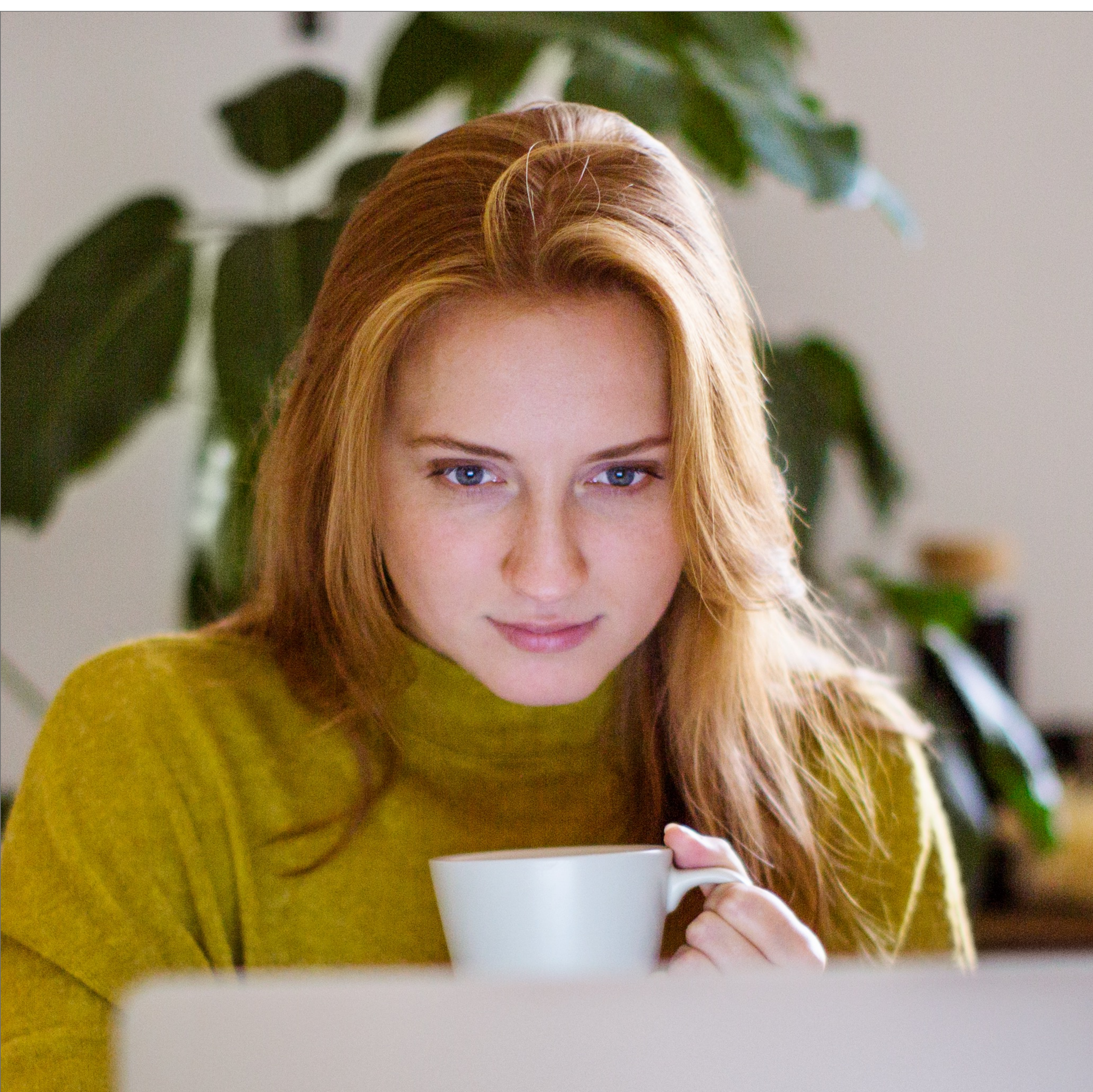
This pivot strategy has paid off, and it's growing by the day since launching in March. Together, we created an effective revenue stream during this crisis and are expanding their customer base to visit their locations when things get better. Our example underscores that, even in dire circumstances, you can think differently to gain market share, create wins, and be in a better position in the long run.



**Communicating at the
right time with the right tone.**

CREATE MORE FOCUSED AND TARGETED CAMPAIGNS

Our new reality mandates you become more disciplined in the targeting, messaging, and ad spend of your campaigns. Focus on and reach your loyal customers with a message that conveys your brand's strength in adversity and your commitment to those customers who've supported you in the past.



Overall, as the competitor “noise” wanes in different advertising channels, your patience could pay off. Lower CPC and CPM coupled with more available traffic and keywords may cement your brand’s presence in more targeted audiences.

Data Modeling for Precise Targeting

We use data modeling to profile and segment our client's best customers and then build lookalike audiences for prospecting to focus ad dollars efficiently and effectively. In this environment it's vital to focus your ad dollars only on those most likely to purchase, and data modeling and segmentation is the best way to get there.

Custom Audiences

If you don't have an audience model, you can use your CRM data and upload your most profitable customer segments into publishers — like Facebook and Google — to create custom audiences to market towards. This strategy will ensure you are spending against your core base of customers and preserving and growing your share of wallet during this challenging time.

Lookalike Audiences

Additionally, you can use your CRM lists to create publisher lookalike audiences to find more people that resemble your best customers. We prefer our in-house data modeling, as it's usually more efficient in terms of targeting and performance. However, using publisher tools is better than going with broader publisher targeting in this current environment.

Focus on Most Profitable Products

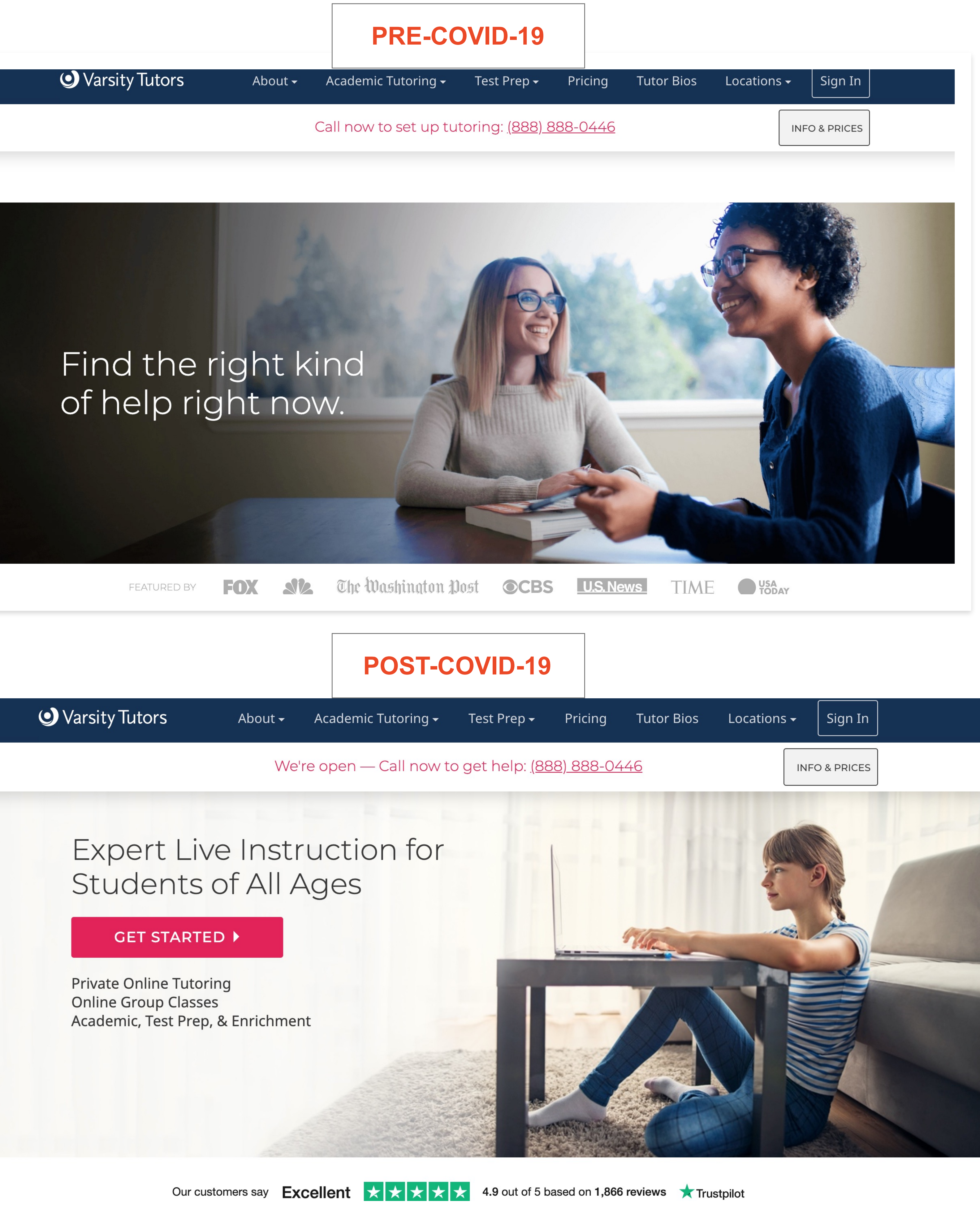
If you are challenged by reduced marketing budgets, improving campaign targeting and ad spend can also determine which products you market in the COVID-19 environment. We suggest highlighting your most profitable products and drive ad spend to keep them top-of-mind for your smaller audience targets.

CREATE A MARKETING MESSAGE THAT MEETS THE MOMENT

Offline Message and Tactics

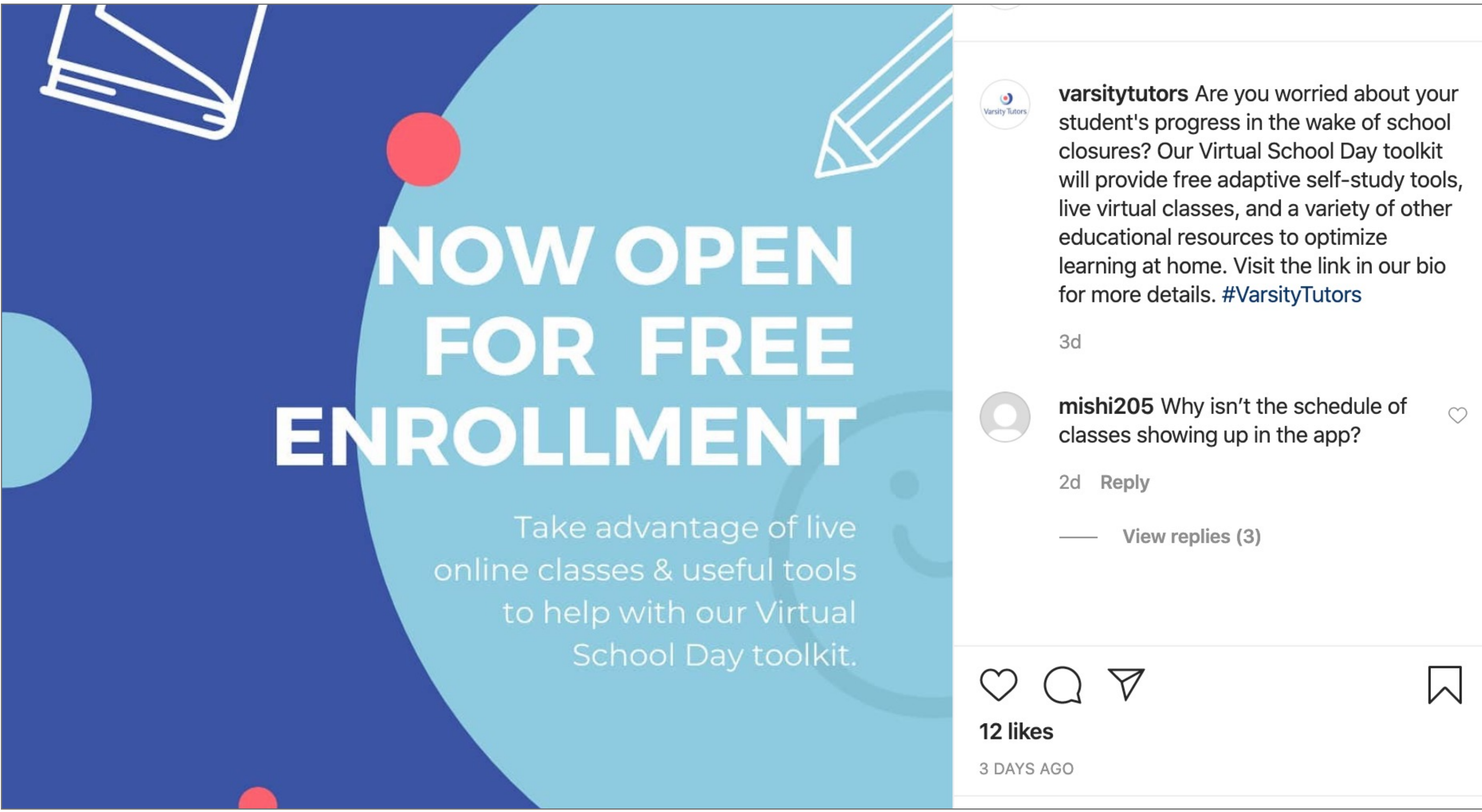
Customers will require more communication, not less, as their needs arise. If your inventory dwindles or if supply lines become disrupted, you must be transparent about those scenarios to retain your customer’s trust and loyalty. Different offline channels can support messaging and address your customers’ immediate needs.

As you engage in your offline platforms, come up with a consistent message that speaks to the anxiety of the moment, while instilling confidence and hope. Employ an empathetic, understanding tone when you convey the information to your customers.



Digital Message and Tactics

Remember, any work that pre-dates the current market landscape must be scrutinized and adapted.



Community management and brand listening should be as robust as your platform posting cadence. Align your digital creative to adapt your messaging that speaks with an awareness of the moment. Both your digital creative and supporting landing pages and website should be current to the new environment you and your customers are operating under.

A STEADY HAND AT THE MAST

Crises demand leadership, innovation and patience, above all. Whether it's a pandemic or another economic collapse due to invisible forces, changing markets are part of the landscape and how we adapt defines our way forward. You're not alone in the journey.

What to do

How to do it

Maintain Your Brand Presence

Stay the course with advertising and marketing around your brand to preserve and possibly grow your market share. For smart marketers, this downturn is also an opportunity.

Establish Your Brand During a Crisis

Reconnect your customers to your brand story and values during this challenging time. Stay close to your customers.

Think Differently, Pivot Quickly

Challenge yourself to think differently around how you can serve your customers' needs on their terms in a way this new stay at home environment dictates

Create Focused and Targeted Campaigns

The current landscape mandates you become disciplined in the targeting, messaging and ad spend of your campaigns.

Create a Marketing Message That Meets the Moment

Align your creative to adapt your messaging that speaks with an awareness of the moment.

Our playbook scratches the surface in terms of what can be done to maintain or even grow your business – it will take collaboration and determination. If you're feeling rudderless, trust in our data-driven, fact-based marketing wisdom to help you thrive in our new reality. Together, we can prevail.

ABOUT VSLP AND PATH INTERACTIVE

VSLP is a data-driven omnichannel marketing services company. Path Interactive is a subsidiary of VSLP and is a performance-focused digital marketing agency with offices in New York City and Nashville. Our team provides deep expertise in a full suite of results-oriented marketing services, including search engine management, SEO, social media and programmatic digital advertising.

Michael Candullo
COO, Path Interactive

Michael Candullo

Get in touch with us
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