

4 dimensions to explore before redefining a marketing strategy in a downturn

Startups and scale-ups with a thoughtful approach to their marketing strategy and budgeting can manage the impact of the economic shifts better than their rivals. Here are four building blocks behind this approach.

Temps de lecture : minute

12 October 2022

When turbulent times in the economy arrive, there is a lot of talk within the startup community about how to handle marketing costs.

At a conference a couple of weeks ago, I was approached by a startup founder who had just raised his seed round. He had a dilemma: “Is it still necessary to spend precious financial resources on marketing? Isn’t it better to pause costly advertising endeavours and save money?”

When entrepreneurs and senior managers talk like this, alarm bells ring. This founder is not alone in having such concerns: his questions are familiar to many marketers, myself included, who’ve been hearing them in times of economic uncertainty. According to talks with founders and investors, as well as my experience analysing marketing budgets in various industries, startups might spend around 40-60% of their raised funds on marketing. When they need to save money, they’re often tempted to drastically reduce or even cut off marketing spend entirely.

However, there are also risks to venturing out in uncharted waters—the changing market in general and the advertising landscape in particular.

To mitigate those risks, companies should take four steps before redesigning their marketing action plan.

Evaluate the effectiveness of an existing marketing strategy

The first thing to do is to assess every component of your marketing mix, examining whether the objectives and key metrics can be met in the current environment. You need to get a clear picture of which channels are the most effective at driving awareness and leads, along with the channels that are failing to meet their objectives and are an inefficient expense line in your budget. Previously planned promotions can often become obsolete once this analysis is done, so you will need to develop a new set of pursuits, and do it quickly.

There is a wide spectrum of marketing instruments available to implement. Some companies may prefer to start with a small performance campaign to test new social media channels. Others may opt to completely remodel their marketing strategy, prioritising one promotional channel or activity to reach major goals. There is no universal formula, but thriving companies thoroughly analyse the impact of initial steps to spot what delivers results and what doesn't, especially in a recession.

Take a holistic look at target markets

Conventional business wisdom says that making revisions in a marketing strategy without considering market conditions leads to failure. It can even bring the company to bankruptcy by betting on the wrong activities, which are in dissonance with the external environment. This mistake often occurs, with obvious failure, in times when the changing economic circumstances coincide with the need for rapid business growth on the

heels of innovation.

To adapt to the new economic reality and drive revenue growth at present and into the future, companies need to regularly assess which marketing undertakings perform better in their target industries. For example, they can analyse what differentiated the digital marketing campaigns that had the highest return on advertising spend from the campaigns with the lowest-performing metrics and what promotional methods they can use as a result of this diagnosis.

This approach will allow companies to make better decisions when allocating their budget across target markets, freeing up resources for experimentation with promising options and increasing return on marketing investment along the way.

Rethink your company's communications

When the realities of economy evolve, many companies, whether early-stage startups or established organisations, recognise the increasing need to keep in constant contact with their existing customers and reach out to potential newcomers. Everything comes into question, from what communication channels are best for engaging with customers to how to spread messages across these channels and what messages would be well-suited for the moment.

This often leads companies to replace traditional processes of communication and analytics with faster “learn-by-doing” iterations, trying to provide timely updates in order not to generate confusion among their customer base. Companies should also check whether messaging is relevant to their offerings and whether they continue to gain attention from their target audiences.

If virtual events, for example, are part of your marketing mix, you can see

the first indicators of interest or a lack thereof by answering a few questions. Are customers coming back after your webinars or conferences? Does the information on your social media pages generate interest and audience growth? How long on average does one visitor's session on your website last?

Build the right marketing team

Triggered by economic turmoil, business objectives often transform, leading to a gap between teams' competencies and their work priorities. Such a misalignment can result in a marketing manoeuvre that miss the new objectives holistically.

For that reason, companies need to reprioritise their *promotional activities* and channels, enabling teams to scramble—or mobilise those with the necessary skills around a project—in order to deliver on reconsidered objectives.

In a recent conversation with a founder of a consumer tech startup about what it means to build a marketing team, I saw an illustration of this: initially, his team was a perfect fit for brand-building exercises, but later on, he needed people with strong digital skills for accelerated customer acquisition and revenue generation given his unclear perspective on the next funding round. Therefore, he adjusted his personnel balance with a focus on digital marketers rather than brand managers.

Fast forward three months and it became clear that this was an advantageous move for the current stage of the company's lifecycle.

Sure, it can be tempting to take the easy route and cut an advertising budget immediately. But performing a 4-step marketing diagnosis will help you get a complete picture of whether or not prior goals fit into the current business scenery. Based on the results of this analysis, you will be

able to select the most effective promotional activities, instruments, and channels that can generate maximum return on your marketing spend.

Svetlana Stotskaya is an independent marketing consultant with deep expertise in strategic marketing and brand management.

Article by Svetlana Stotskaya