

# The power of insights: Leveraging social data to overcome recession challenges

*Businesses have to navigate a multitude of challenges in their daily operations. Sometimes, a socio-economic phenomenon like recession, with its far-reaching consequences comes along, making it even more challenging for businesses to survive and thrive. Given its implications on various facets of the economy, including employment levels, income distribution, consumer spending, and overall societal well-being, businesses are faced with complications on every front. This calls for proactive strategies needed to not only guard against undesirable outcomes but also triumph over adversity.*

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Particularly in this context, leveraging the power of social data is of utmost importance for businesses, as it provides valuable insights into consumer sentiment and changing behaviours, enabling informed decision making and proactive adaptation of strategies for long-term success.

## Tracking and analysing sentiment

Feedback is a gift. When consumers are vocal about what they like or would like to see improved in a product, service, or brand, it presents an opportunity to understand what's working and what's not and to promptly pivot the business accordingly. Especially with ambiguity in the air, brands cannot risk missing out on crucial signals from the consumer side

that could be hiding in plain sight. By staying connected with these discussions, brands can also effectively engage in conversations using tailored marketing and communication strategies that resonate with consumers and meet them where they are.

## Methods to gauge consumer sentiment

Social media monitoring tools are instrumental in tracking and analysing consumer sentiment, thereby empowering businesses to make data-backed, informed decisions to weather the storm. Methods like keyword analysis help businesses identify specific keywords or phrases that are frequently used by consumers in their online discussions around economic concerns and expectations during a recession. As an effective tool to gauge consumer sentiment through the analysis of the language, tone, and context of such discussions, decision makers can efficiently gather intel about the level of the consumers' worry, their pain points, and their areas of optimism.

Additionally, topic clustering enables a comprehensive understanding of the prevalent worries and challenges faced by individuals, households, and enterprises during a recession. It may even bring to the surface hidden patterns that may not be too apparent but require immediate attention. Irrespective of differences in keywords or phrases used to express them, topic clustering can help reveal these patterns by grouping together related topics or concerns and providing valuable insights into pressing issues that affect consumers. Rule-based or machine learning-based approaches employed in categorisation techniques can also be used to classify social data into predefined *worry categories*. By utilising these insights that come directly from consumers themselves, brands are equipped to make timely adjustments in their strategies to be in tune with evolving consumer behaviour.

Social listening and monitoring tools analyse social media conversations,

mentions, and hashtags related to specific topics or brands. The broad spectrum of social listening includes paying attention to social media posts, discussion forums, reviews, blogs, podcasts, and even user-generated videos. What are consumers saying about your brand, your competitors, or the industry at large? How are their priorities shifting during turbulent times? What concerns are they voicing online? Given the delicacy of uncertain times, consumer trust and loyalty can be fragile too. Hence, understanding the consumer's perception of the brand allows for timely interventions, whether it's addressing a negative sentiment surrounding the brand, solving an emerging issue, or actioning something that will make customer experiences better during difficult times.

Sentiment analysis involves the use of natural language processing, machine learning techniques, and rule-based models to classify text as positive, negative, or neutral. Sentiment analysis tools can help identify specific economic worries expressed by consumers by analysing the sentiment or emotional tone of their social media posts, reviews, or comments. Employing sentiment analysis allows brands to extract sentiment information from text with ease and identify specific aspects that are driving these sentiments. The application of sentiment analysis allows organisations to get a sense of what their consumers are currently feeling about the economy and identify particular areas of improvement or opportunities within the brand's current offerings as well as potential new areas for future growth.

While methods such as keyword analysis and topic clustering help identify recurring concerns, sentiment analysis can determine sentiment polarity and intensity. On the other hand, gauging consumer sentiment can also identify positivity in attitudes, opinions, and perceptions around brands and products, allowing companies to channel their resources into amplifying communication efforts that underscore their strengths to stay afloat during a recession. Customers could be talking about a particular feature they love about your product that they recommended to friends

or they could be appreciating your brand's ESG initiatives materialising through sustainable products.

## Adapting strategies based on consumer sentiment to prepare for changing spending habits

*Harvard Business Review* proposes a psychological segmentation of consumers that takes into consideration their emotional reactions to the economic environment. According to this, customers fall into four groups. The *slam-on-the-breaks* segment feels most vulnerable and hardest hit financially, leading them to reduce all types of spending by eliminating, postponing, decreasing, or substituting purchases. The *pained-but-patient* group includes those who tend to be resilient and optimistic about the long-term, although they possess less confidence in the near-term prospects for recovery and subsequently their capacity to sustain their current standard of living—they economise in all areas but less aggressively than the previously mentioned segment. *Comfortably well-off* consumers consume at near-pre recession levels (but more selectively) as they have a sense of security about the stability of their finances. Lastly, the *live-for-today* segment, who are unlikely to alter their consumption patterns unless faced with unemployment— they carry on as usual, being less concerned about savings and primarily respond to the situation by prolonging the timelines for any significant purchase decisions.

To survive periods of instability, it is imperative to identify consumer sentiments while considering them not just as a single homogenous group but as highly diverse groups of individuals who respond to socio-economic conditions in ways much different from each other. By resonating with the emotional motivators that underlie their decision making, businesses will be in a better position to aptly adjust marketing and messaging by

keeping these intricacies in mind.

Tailoring products, services, and customer experiences to align with the shift in their spending habits while also accommodating their needs and concerns, contributes largely to building trust and loyalty. Businesses that go the extra mile during difficult times will undoubtedly be appreciated by consumers and stakeholders, which will ultimately boost the brand equity over time.

## Choosing data over unreliable assumptions

Social data is invaluable to businesses, even more so when the economy is caught in a whirlwind. In a recessionary environment, data-driven decision making empowers organisations to streamline operations and optimally allocate resources to the areas that offer the highest return on investment. This also allows them to pay due attention to the lifeblood of their business-the customers. Equipped with real-time insights about customers and their shifting priorities, businesses can tailor their products, services, and marketing strategies accordingly. Customer-centric approaches increase the likelihood of attracting and retaining customers even during challenging economic conditions.

Keeping track of consumer sentiment, therefore, shouldn't be an afterthought- but a consistent exercise woven into the very fabric of an organisation's work streams. Proactiveness in this regard helps businesses not only to stay resilient during tough times but also to promptly identify opportunities that can help them gain a competitive edge, and even win market share as the economy recuperates.

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