

# Marketing in an Economic Downturn – Challenges and Opportunities: Marketing in an Economic Downturn

Pratap Chandra Mandal, Indian Institute of Management, Shillong, India

## ABSTRACT

The business environment is uncertain. It becomes even more turbulent during recession. This uncertainty directly affects the investments made by firms. Firms hesitate to invest during a recession because of the belief that the returns will not be commensurate with the investment made. Nevertheless, there are firms which develop strategies and invest during recession. The article discusses various strategies which firms may adopt to survive and also excel during recession. The advantages and the disadvantages of the following those strategies are discussed. The article also focuses on firms which implemented strategies to overcome recession and established themselves in the minds of customers. This article might help firms and practitioners in identifying the most effective strategies to be adopted for excellence during an economic downturn.

## KEYWORDS

Budget Allocation, Consumption, Customer Requirements, Economic Environment, Pricing, Product Offering, Recession, Value Proposition

## 1. INTRODUCTION

Success or failure of a product depends to a large extent on the economic conditions prevailing in the marketplace. There may be tough times, such as 2008-2010, in many parts of the world depending on the economic cycles. Recession is a phenomenon which affects all firms by making the economic environment uncertain which in turn affects the business environment. Companies tend to do reduced funding for marketing programs during economic recessions (Lay, Hewlin, & Moore, 2009). Companies also face intense pressure to justify spending on marketing programs during times of economic downturn. However, some marketers survived or even thrived in the recession (Srinivasan, Rangaswamy, & Lilien, 2005). Companies need to develop strategies to survive and thrive during times of recession.

Companies must always be moving forward with marketing programs, innovating products and services, staying in touch with customer needs, and seeking new advantages rather than relying on past strengths. This is especially true in the tough times of economic downturn (Rollins, Nickell, & Ennis, 2014). During such times accountability becomes a top priority and returns on investment are expected from every marketing activity (McGregor, Boyle, & Burrows, 2009).

DOI: 10.4018/IJBSA.2020010104

This article, originally published under IGI Global's copyright on January 1, 2020 will proceed with publication as an Open Access article starting on February 1, 2021 in the gold Open Access journal, International Journal of Business Strategy and Automation (converted to gold Open Access January 1, 2021), and will be distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>) which permits unrestricted use, distribution, and production in any medium, provided the author of the original work and original publication source are properly credited.

## 2. STRATEGIES IN TIMES OF ECONOMIC DOWNTURN

Companies need to rethink about the best practices of management. Some experts (Hamm, 2008; Haluk Köksal & Özgül, 2007) see management entering a new age of turbulence in which chaos, risk, and uncertainty characterize many industries, markets, and companies. Experts (Hamm, 2008; Martin, 2008) believe that turbulence caused by economic downturn and recession should be considered as normal. There may be periodic and intermittent spurts of prosperity. However, companies should be equipped well enough to sustain and prosper during recession or even depression (Williamson & Zeng, 2009). Experts foresee many challenges for the future. There may be no assurance that a return to past management practices would ever be successful again.

According to Kotler and Caslione (2009), marketers should always be ready to face tough and challenging situations. Companies should be ready with automatic responses when there are turbulence and chaos in the environment. They suggest different chaotic marketing strategies to sustain in the environment.

1. **Securing Market Share from Core Customer Segments:** Economic downturn or recession is a phase when most of the customers may switch to companies offering the lowest price. So, marketers need to make sure that the core customer segments are firmly secured and that they do not switch to the competitors. Companies should be prepared to ward off attacks from competitors seeking their most profitable and loyal customers;
2. **Aggressive Campaign for Greater Market Share from Competitors:** All companies fight aggressively for a larger market share than their competitors. During tough times only companies offering the highest value proposition at the lowest price have chances of survival. So, in turbulent and chaotic times many of the competitors might have weakened. A company can find out which of its competitors are unable to withstand the competition based on whether they are slashing their marketing budgets and sales travel expenses. In such situations, companies may put every effort to develop their core customer segments at the expense of their weakened competitors;
3. **Investment in Market Research to Know Customers Better:** Every company is under pressure in times of economic downturn. Even the customers in the core segments may switch to competitors. In these turbulent times it becomes extremely important to know the customers to serve them better. So, investments should be done in conducting market research. Companies should replace old, tried-and-true marketing messages that no longer resonate with the customers, with communications which convince the customers to remain loyal to the company;
4. **Focusing on and Maintaining the Marketing Budget:** Many companies consider cutting down costs by reducing their marketing budgets during an economic downturn. However, experts (Williamson & Zeng, 2009) believe that recession is the worst times to think about cutting anything in the marketing budget. The competitors of any company will do aggressive marketing to the core customers of the company. So, it becomes important for a company to retain its customers by increasing its marketing budget. Companies should also invest in attracting new customer segments during these times of turbulence;
5. **Emphasis on Core Values and Focus on Safety:** Consumers adopt a cautious approach during turbulent times. They are concerned more about whether their money is invested in the right places. They need to be assured about the safety and security of the company and its products and services. Companies should assure their customers that doing business with them is safe. Companies should also sell only those products and services which make the customers feel safe;
6. **Elimination of Marketing Programs not Working Quickly:** Companies should keep a close watch on their marketing budgets. Stakeholders always scrutinize marketing budgets both in good times and also in bad times. Companies should eliminate ineffective marketing programs before competitors spot them. Otherwise, competitors may take advantage of the ineffective marketing programs of a company and capitalize on them;

9 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: [www.igi-global.com/article/marketing-in-an-economic-downturn--challenges-and-opportunities/245690](http://www.igi-global.com/article/marketing-in-an-economic-downturn--challenges-and-opportunities/245690)

## Related Content

---

### Country of Origin and Consumer Perceptions: Strategies and Initiatives

Pratap Chandra Mandal (2020). *International Journal of Business Strategy and Automation* (pp. 73-86).

[www.irma-international.org/article/country-of-origin-and-consumer-perceptions/265497](http://www.irma-international.org/article/country-of-origin-and-consumer-perceptions/265497)

### A Human-Centric Cybersecurity Framework for Ensuring Cybersecurity Readiness in Universities

Blessing Gavaza, Agripah Kandieroand Chipo Katsande (2023). *Effective Cybersecurity Operations for Enterprise-Wide Systems* (pp. 242-276).

[www.irma-international.org/chapter/a-human-centric-cybersecurity-framework-for-ensuring-cybersecurity-readiness-in-universities/324926](http://www.irma-international.org/chapter/a-human-centric-cybersecurity-framework-for-ensuring-cybersecurity-readiness-in-universities/324926)

### Marketing in an Economic Downturn – Challenges and Opportunities: Marketing in an Economic Downturn

Pratap Chandra Mandal (2020). *International Journal of Business Strategy and Automation* (pp. 46-56).

[www.irma-international.org/article/marketing-in-an-economic-downturn--challenges-and-opportunities/245690](http://www.irma-international.org/article/marketing-in-an-economic-downturn--challenges-and-opportunities/245690)

### Deploying a “Good Jobs” Strategy in Service Sectors for Enhancing Competitive Advantage

Pankaj M. Madhani (2021). *International Journal of Business Strategy and Automation* (pp. 29-53).

[www.irma-international.org/article/deploying-a-good-jobs-strategy-in-service-sectors-for-enhancing-competitive-advantage/269495](http://www.irma-international.org/article/deploying-a-good-jobs-strategy-in-service-sectors-for-enhancing-competitive-advantage/269495)

### A New Digital Approach to Strategic Activities: Technologies and Tools Available With the Consulting Support

Paolo Bongarzoni (2020). *International Journal of Business Strategy and Automation* (pp. 12-24).

[www.irma-international.org/article/a-new-digital-approach-to-strategic-activities/251220](http://www.irma-international.org/article/a-new-digital-approach-to-strategic-activities/251220)