White paper

Digital in a Downturn

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September 2022

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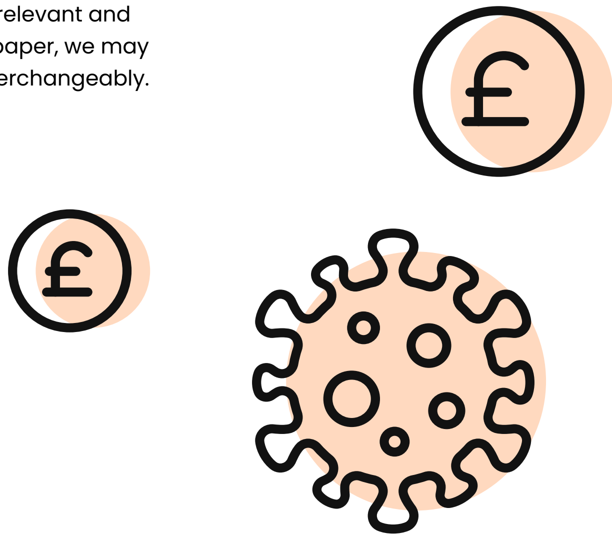
Introduction

As the UK was starting to regain its financial feet following a protracted battle against Covid-19, logistical pressures from Brexit and the war in Ukraine have combined to produce a cost of living crisis that threatens to push us into recession in 2022.

The UK was last in recession in 2020 when the Covid-19 lockdown caused businesses to cease trading en masse. The impact was two consecutive quarters of GDP decline – a 2.6% decline in Q1 and a massive 18.8% decline in Q2. The recession was relatively short-lived, as GDP rose sharply in Q3. For many organisations marketing through lockdown ceased altogether due to furloughing staff and slashing budgets, with businesses forced to take survival measures.

As the previous recession was 13 years ago following the global financial crash of 2008, many even highly experienced marketers will not have experienced operating through a downturn in the economy.

This white paper intends to share our experience of conducting digital in a downturn and provide digital marketers with guidance to better plan, execute and adapt digital strategies through a challenging market. This paper is not intended for any specific sector; hopefully, the contents will be relevant and valuable to all digital marketing practitioners. Throughout this paper, we may refer to either businesses or organisations and use the term interchangeably.



Setting the economic scene

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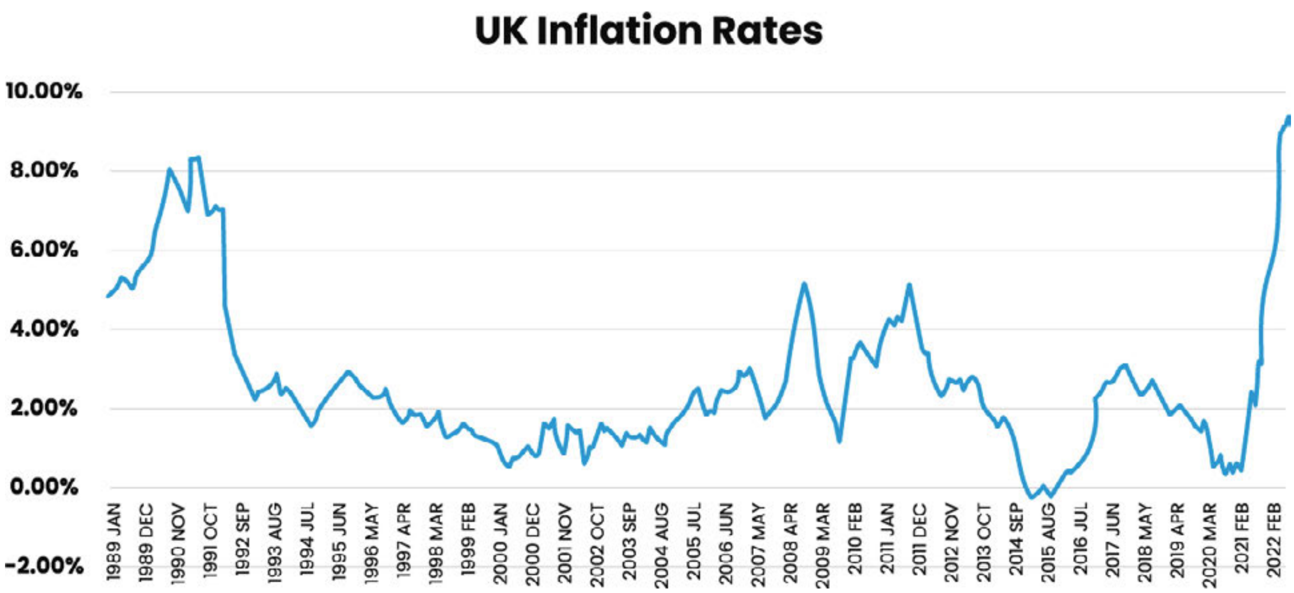
The UK economy

The start of August 2022 saw the UK inflation rate at 9.4%, forcing the Bank of England to raise interest rates from 1.25% to 1.75%, the most significant rise in 27 years.

While the war in Ukraine has caused massive pressure on global food and energy costs, the UK was already in the grip of rising inflation from as far back as February 2021. Inflation rate data from the Office of National Statistics show that inflation levels through much of 2020 were low compared to the previous four years. Inflation rates through 2021 rocketed long before the invasion of Ukraine.

The highest UK inflation rate of the 21st century to date occurred in September 2008 and September 2011 at 5.2%. February 2021 had an inflation rate of 0.4%, but this had risen to 5.1% by November 2021, just nine months later. By April 2022, a mere five months later, this had almost doubled to 9%.



Several converging factors

The shadow of Covid-19 stretches long beyond the first lockdown of 2020. As most of the world moved out of tactical lockdowns following successful vaccination programs, businesses were able to start getting operations back to normal.

However, the pandemic had changed the work world, and many people either stopped seeking employment or were now looking for employment opportunities that allowed for greater freedom outside of the old 9-5 office routine.

Behind this, we also have the spectre of Brexit, which has caused increased pressure on logistics, increased costs of goods and a shortage of European labour in the UK labour market.

The labour shortage has forced many firms to increase salaries to attract and retain talent while simultaneously adapting staffing policies to allow for more flexible working. Time required in the office has become a serious consideration point for prospective employees. Add the increased employment cost to more expensive importation and logistics, and customers now pay substantially more for everyday items.

Combine these two elements, and you have all the right ingredients for a tasty inflation stew.

And then, as inflation started to increase, it received an adrenaline shot in the form of the changes to the energy price cap. Ofgem implemented the price cap in January 2019 to prevent energy suppliers using variable energy tariffs from taking advantage of UK households. The cap limits the price of gas and electricity that suppliers can charge customers on their standard and default variable tariffs. In April 2022, the cap was adjusted, following changes in the wholesale energy market, causing several energy suppliers to go bust. The cap was increased by 54%, with a further predicted 70% growth in October 2022, which Ofgem will review every three months.

And, as if the storm wasn't perfect enough, Russia invaded Ukraine in February, causing global nations to implement sanctions on Russia that outlawed trade in a wide range of business areas and commodities, including oil and gas. This event put further pressure on global supplies, driving demand and costs for those goods outside Russia. Ukraine and Russia are also major grain suppliers, further impacting food prices.

A global strain

The financial turmoil isn't just a UK problem. Much of the world, including the wealthiest G7 and G20 nations, is also experiencing high inflation rates and economic pressure, which could lead to a global recession.

The UK economy does not operate in a vacuum; the global financial economy impacts the country. Except for Japan, the other G7 nations are experiencing inflation rates above 4% and are implementing measures attempting to reverse or shield consumers from rising prices.

According to the International Monetary Fund there is a significant risk of a global recession through 2022, potentially worsening in 2023.

Keep yourself informed

Keeping in touch is the market in which we will need to operate as marketers. An essential requirement for anyone navigating through difficult times is to understand the situation.

As the first piece of advice, marketers should keep themselves informed about the UK economy and what is happening. This information will almost certainly find its way to you in regular news stories.

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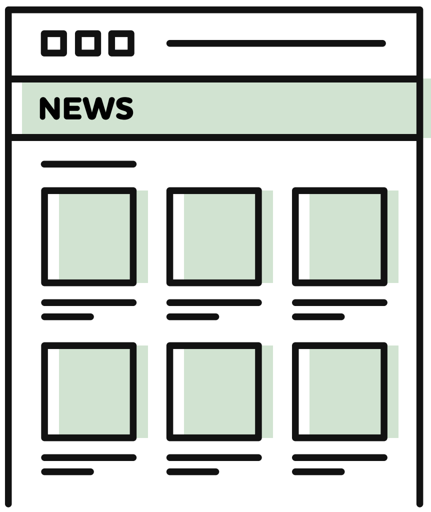
The performance of the economy is always a factor in the market. But when it starts to dominate the considerations of the audience so forcibly, we need to understand and monitor how impactful that force is on the consumer and how it will be changing consumer habits.

Demand does not necessarily end (throughout lockdown digitally-enabled retailers were experiencing demand), but it varies in nature and scale.

Conversion paths can become elongated as extra consideration is made before purchase, and factors such as price and value for money overtake factors such as availability or immediacy.

Brand loyalty is tested, and requirements for quality are weighed against price.

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Particular points to prepare for

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Of course, every business is different. Also, every recession is different. A typical bottom line in most recessions is that organisations will experience increased financial pressures. Some sectors may be more impacted than others.

Still, generally, any sector directly related to delivering products or services directly aimed at the end consumer can expect there to be a negative impact.

The scale of the impact will depend on how a business reacts, its financial situation leading up to the recession, and the scale to which the recession impacts the demand in its target customer base.

Some organisations may be in a position to ride out the storm better than others. Few can afford to ignore the situation altogether and carry on as if nothing is happening.

Recessions are hard work

When financial pressures hit a business, expect recruitment freezes or headcount reductions along with freezes on discretionary expenditure, and budget cuts.

These pressures often solidify as a need to do more with less. Changes in resourcing and budgets can make some channels unviable, meaning that remaining channels must pick up the slack. In turn, these pressures will require you to be more creative and innovative with remaining channels to continue to hit targets.

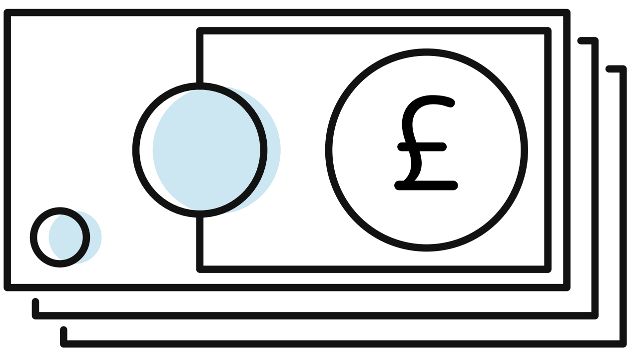
As you will see in other sections of this paper, there is additional work required in keeping the rest of the business informed and in navigating increased risk aversion. Increased demands on communication are typical, adding more entries to the to-do list for the week, but also adding more pressure in the form of increased accountability.

No one coasts through a recession, and the chance of team burnout becomes increasingly possible the longer it goes on. As everyone rolls up their sleeves to help out, they may place an unreasonable amount of stress on themselves to “do their part”.

It’s vital to build de-stress points into weekly schedules. These might be fun and non-work oriented, or they might be a different kind of work. Whatever works for you and your team. TIP: Break the daily grind up with an innovation session or a joint review of trends in the digital space.

Some collective criticism of the competition can provide a healthy venting point, while also helping to focus on your own positives.

Recessions are not comfortable. You and your team need to realise that while the situation will push and stretch you professionally, you may look back on the period and realise that some of the best work you have ever done was born out of the situation.



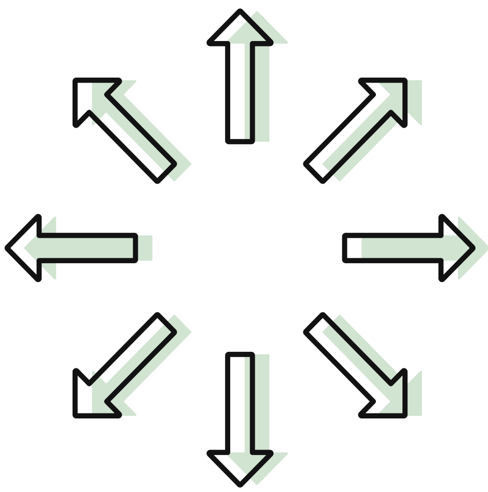
Business reactions

How your organisation reacts will have a direct bearing on how your digital marketing team responds. As such, it's a good idea to familiarise yourself with them and start to think about how your digital marketing strategy would reflect the stance taken by the organisation.

There have been quite a few studies on how businesses react during a downturn. There is one by the Harvard Business Review that you'll see referenced quite a lot.

An article in Forbes and a similar piece produced by the Advertising Specialty Institute also point out specific examples of where brands have pushed out on their marketing and gained ground over their competitors.

Each of these should be next on your reading list; they provide valuable insight into the benefits of continuing to market through a recession.



Taking a defensive stance

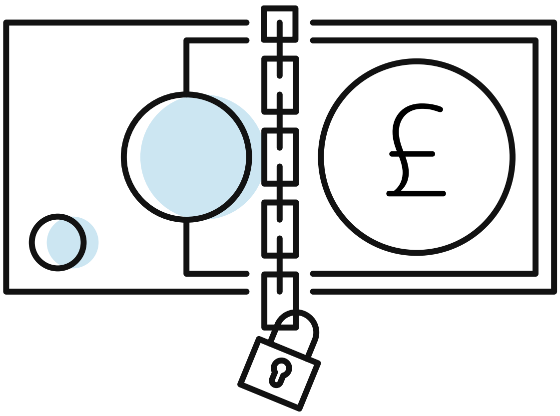
The Harvard Business Review identifies that businesses will adopt offensive and defensive stances. From experience, the majority of organisations will act defensively – looking to cut expenditure back to essential costs, battening down the hatches against the storm.

In practice for marketers, this means a squeeze on current resources, and usually a complete rethink of marketing budgets. There is typically a general directive to do more with less.

It can be challenging to persuade a business that shrinking away from the market is perhaps the wrong thing to do. In the face of the financial threat, the natural reaction is to pull back and protect.

For many organisations, marketing is a function where, often, many of the first cuts take place.

Unfortunately, this reaction stems from a lack of understanding of what marketing brings. While some activities and channels are highly measurable and can demonstrate a direct path to the sale, measuring the value of others in the marketing mix can be difficult, if not impossible in some cases.



For example, the impact of brand awareness work may not always be directly visible in sales numbers immediately following activation. There can be a cumulative effect to that work, increasing brand trust, influencing preference and brand consideration, which takes time and repeat exposure to build. In this case, the activity does not produce a step-change in core KPIs, but a gradual increase in the performance of other channels and customer behaviour metrics.

It might be an increase in brand search volume or a higher level of social engagement as potential customers now seek out the brand. It might be an increase in conversion rate across channels as brand familiarity generates a higher propensity to interact and engage with the brand. If there are many activities underway across multiple channels, this impact can be challenging to separate and, therefore, quantify.

The economic environment in which a business finds itself will usually determine its propensity to be open-minded. The situation is obfuscated by the fact that when brand advertising ceases abruptly, sales don't immediately disappear.

That cumulative effect that builds up over time wanes over time too, but perhaps at a faster rate. During normality, there may be many brands vying for customer attention, creating a noisy market. But with every competitor that pulls activity away, that space gets quieter, making it easier for those brands still running marketing activity to supplant your brand consideration with their own.

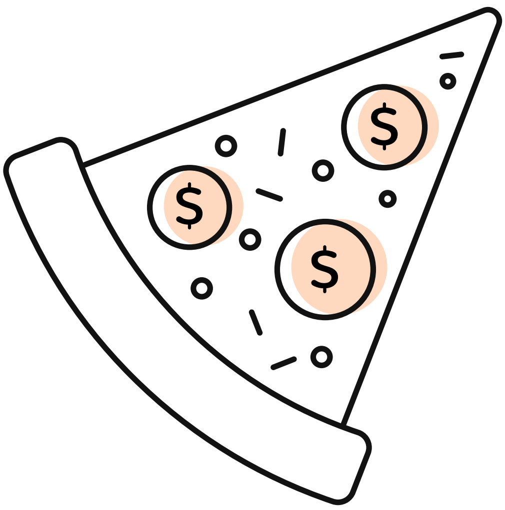
Going on the offensive

It does require a specific element of belief and a stable financial base to take the offensive stance, but the rewards of doing so are significant.

There are several historical cases where the correlation between investing in a share of voice and growing market share is proven.

A famous example is that of McDonald's in the USA. The fast-food giant cut back on advertising spend during the 1991 recession, while Pizza Hut and Taco Bell increased their efforts. McDonald's saw a 28% decrease in sales while the other brands managed a 40% growth in sales each.

The adage "fortune favours the bold" springs to mind. Never is this phrase more accurate than during a downturn.



Recessions are sometimes a good time to start a business or to try something different in an existing one.

While established companies are busy trying to understand how to operate in a market with increased uncertainty, entrepreneurs can be far more agile. There is no year-on-year report that causes distraction. They can focus on understanding the needs of the market and developing solutions to meet those needs.

According to research conducted by the Ewing Marion Kauffman Foundation around 51% of the Fortune 500 companies listed in 2009 were started during a recession or bear market.

The same is true for your marketing. At a time when many businesses will have pulled back on advertising spending and marketing activity, the opportunity exists to create a higher degree of impact in a market with less noise.

A significant amount of cut-through is achieved, sometimes for a lower than expected cost. Many of the digital advertising platforms operate on an auction environment, and with fewer advertisers in the market, the auction cools off somewhat. As an example, one of our clients saw average CPCs in Google Ads for July 2020, at the height of Covid-19 lockdown, reduced by more than 50% versus the pre-pandemic period for the same keywords due to widespread reduction of advertiser activity.

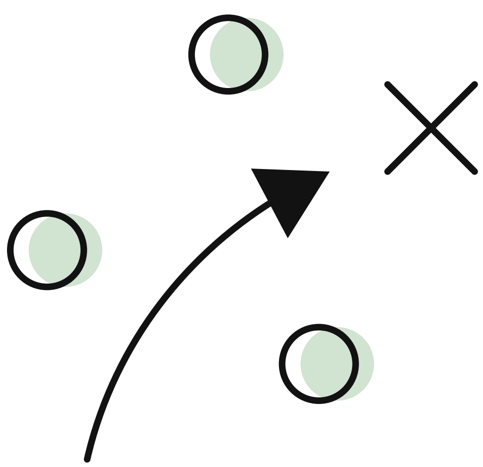
Finding the balance

It is easy to advise a business to continue marketing. The actual situation is highly dependent on many factors, and the choice of any organisation to be offensive or defensive is highly specific to their circumstances.

However, in the author's experience quite often the decisions to cut marketing back, to stop promoting the brand specifically and to focus on those activities that directly record a sale, do not always include information like those examples contained here and in the reference material.

Particularly for smaller companies, the reaction comes from outside of the marketing team, who are given a budget and quite often asked to accomplish the same level of performance.

There is a level of compromise and balance needed between being too defensive and losing market share versus being too offensive and taking unnecessary risks. It would be a good idea now to start laying the groundwork for this conversation within your organisation so that this information, and any associated marketing consideration, form part of that consideration.



Increased scrutiny on the numbers

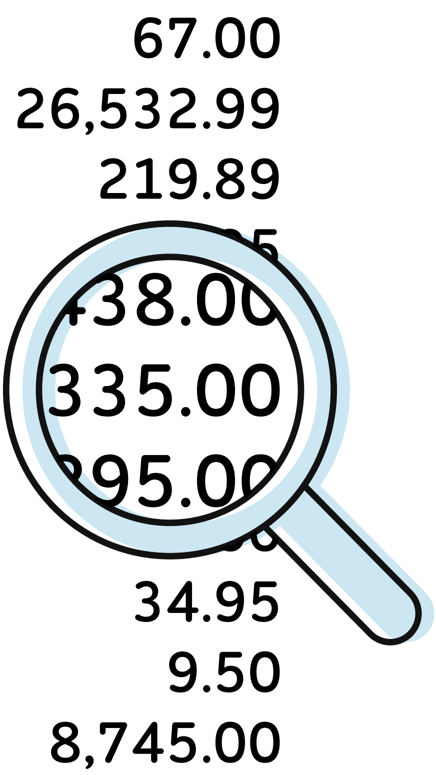
Through a challenging market, organisations will monitor their financial performance with increased scrutiny.

This scrutiny may result in a requirement for improved financial performance reporting from all departments, in terms of depth, frequency or both. Situations can shift rapidly, and so it is not uncommon for previously monthly reporting to now be required weekly.

The core workings of the business will remain somewhat unchanged. Expenditure may become aligned to the realism of the market, but the channels you're using are likely to need to maintain or improve their current efficiency. For example, a £20 cost per acquisition (CPA) target before the recession will typically remain at that level or reduce. It would be unlikely for a business to find financial viability in it increasing.

The measurability of digital marketing activity places it in a unique position. There may be a demand for more data, more insight, more figures. There is an element of certainty in data that can be more comforting to decision-makers, something that can go in favour of digital marketers trying to get specific activities signed off and underway.

All of this additional data reporting will put extra pressure on your weekly work by adding tasks you did not have to do before. To head this off, it might be a good idea to start building some data dashboards and setting up some scheduled email reports. Making data more visible will enable others to see data themselves without having to wait for you to pull the data for them, saving you precious time to spend elsewhere.



A project mindset

A reluctance to enter long-term financial obligations can make businesses less inclined to procure retained services from third party suppliers.

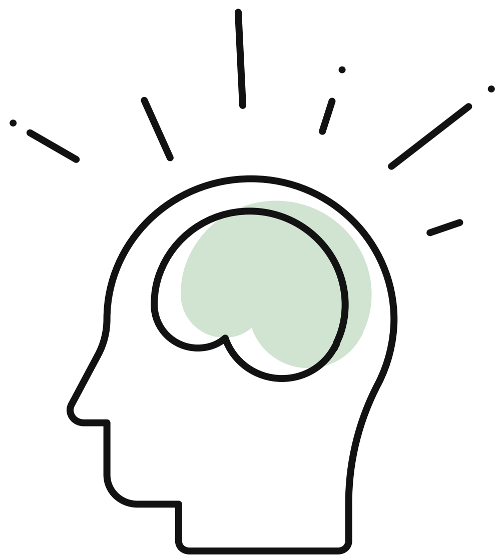
Often the services of third parties are still required, but to be tied into a long-term contract is less appealing than usual. At the same time, businesses may seek to attain a better deal through the selection of other partners, perhaps thinking that the market conditions may mean securing a better deal. So, through a challenging market, there is an increased demand for projects and bite-size pieces of work.

Although this approach may be logical on the surface, it is far less efficient. Internal stakeholders within a business will need to spend additional time attending multiple pitches from multiple providers each time a project needs to be signed off. For those providers, continually being in project pitch mode is time and resource-intensive, a state that doesn't offer much in the way of cost-efficiency. Projects are usually short-term pieces of work with no guarantee of any further income potential following their completion.

On the other hand, retainers can provide a guaranteed income for service providers, perhaps opening the opportunity for price to be balanced against that income surety. Retainers can leverage an economy of longevity that project work cannot, and most providers that offer retainers have probably already put that thinking into their proposals.

An essential piece of advice here is to properly analyse the work required and the likelihood of it extending over a period of time, and to choose the most cost, time and resource-effective method over the duration of need.

Suppose a 12-month retained service will cost the same as four, three-month projects (the same duration) also consider the time impact on your internal team members in repeatedly kicking off new projects and closing old ones. Consider the time and effectiveness inefficiencies inherently present each time you choose and on-board the project provider. The right answer of when to utilise projects versus retainers will always extend beyond the question of pricing.



A reduced appetite for risk

It would come as no surprise to anyone that when times are tough, the appetite to go out on a limb and try new things diminishes. It is easier to be daring in more buoyant times.

But a tough market might be just the right time to try some new things or to buck a trend. Reduced competitor activity can make some digital channels cheaper, increasing their viability and usefulness.

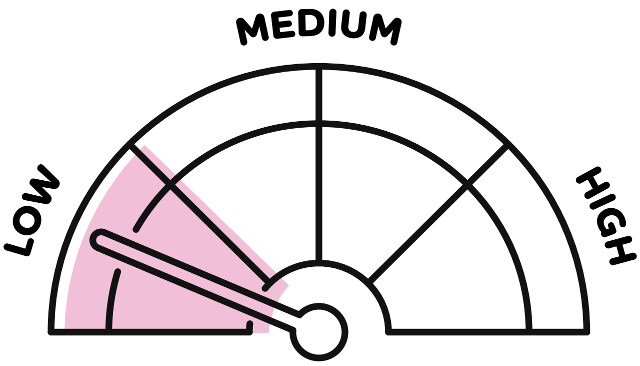
I currently work with a client that turned off advertising activity following the announcement of lockdown in April 2020. The business in question depends on a certain degree of physical location access that was not possible during the early stages of lockdown. But rather than sit still, waiting out the storm, the business adapted quickly and was able to return to the paid search space in July, before many of its competitors. A combination of high customer demand and CPCs at half the rate of a year before, caused by fewer advertisers in the paid search auction, produced record performance for the channel. YoY return on ad spend is +300%!

My client could have continued to shy away from the market, but their forward-thinking innovation in addressing customer considerations and insight into a market where demand was building rewarded them highly. However, as competitors followed suit, those CPCs started to rise again.

Admittedly this was not a new activity, so the decision to re-enter the market was somewhat more straightforward, but the example highlights the cost-effectiveness gains.

Risk is simply part of the equation in digital marketing. Some campaigns and channels fly, others fail. It's very much the nature of the beast.

A good tip for managing risk through a recession is to properly assess each channel through viability assessments, which we'll cover a bit later. A viability assessment will identify some boundaries within which a channel is viable and less risky. The great thing is that a viability assessment is an exercise that can be conducted entirely for free.



It's really not all doom and gloom

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The 2022/23 financial situation is quite bleak. It will be tough. There is no denying that. But despite the hard work, the uncertainty and the insecurity, being a digital marketer through a recession can be exciting.

I have always been a believer that digital marketers will do their best work when budgets and resources are limited, because this situation forces you to be creative with what you have. You will need to call on every skill you have and use them in some interesting combinations. Digital is fast-moving, and most of us in the digital marketing industry will thrive on that pace of change.

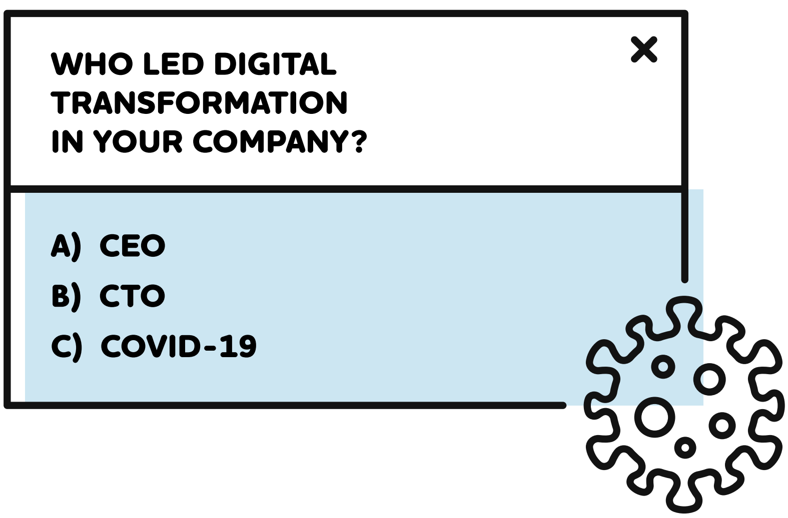
The fast-paced nature of digital also means that there is a lot of room to innovate and to try new methodologies and mixes against your regular activity. A tough market can bring out the very best in your professional self and your team.

The recession will favour digital

A silver lining for digital marketing is that the pandemic substantially accelerated digital adoption in many households. Limited access to physical premises forced digital adoption across all areas of our lives: working, shopping, life admin, socialising and communication.

While some new digital behaviours have reverted as the government eased restrictions, others have remained strong. A popular internet meme suggested that Coronavirus should have won digital transformation awards because of its speed and depth in driving digital adoption and prioritisation within organisations.

As marketing naturally follows the customer, increased digital usage means that marketing efforts will naturally start to focus more on digital channels. Don't ignore the full mix of marketing channels. It is during difficult financial periods that the measurability and agility of digital channels become more appealing to business leaders.



Great things grow out of adversity

What do Disney, Airbnb, Electronic Arts, IBM, Microsoft, and Whatsapp have in common? You guessed it - they were all created during a recession.

Disney, the current powerhouse of the entertainment industry, was incorporated during the Great Depression of 1929, the worst economic situation of the last century.

Excluding Microsoft (valued at $1.6 trillion), the businesses above have a combined market value of over $260 billion. Fortune favours the bold and smiles on the brave.

Planning is your best friend

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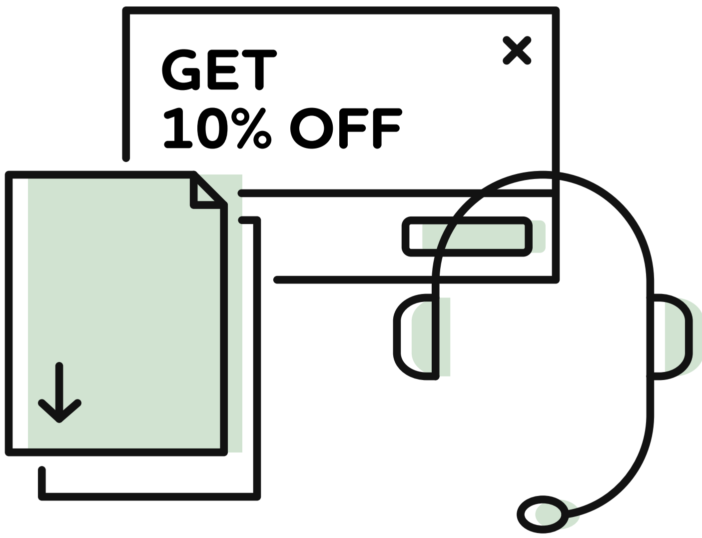
An excellent digital marketing plan is a great idea at the best of times, as you probably know all too well. Through the next 12 months, a good plan will be essential. Recessions are busy times, and the increased demand on your time can leave little for on-the-march forward-planning. One of the worst things that any digital marketing team can do is to fall into a wholly reactive mode caused by not having a relevant plan in place.

Reactive teams frequently fall into a somewhat chaotic, firefighting working practice that is inefficient and substantially less effective. And in a situation where resources may be under increased pressure, inefficiency can widen any cracks and lead to breaking points, precisely the opposite of what you're trying to achieve.

Uncovering the full value

Through a recession, we're going to need to know the full value that digital marketing brings into the organisation. Quite often, calculating the value of soft conversions is overlooked.

Making a sale is great, but what about the associated value of email sign-ups, phone calls, or resource downloads. True, the result of these is much smaller, but they can add up, and it might make the difference.



Value of leads

An obvious starting point for business value is any form of direct sale.

Direct sales and conversion data is good because the level of confidence in the information is usually relatively high. If you don't have confidence in that data, then now is the time to get that sorted. An analytics audit will help to understand where any faults might lie.

The value of a raw lead, though, can sometimes be trickier to calculate.

In organisations that generate leads, it can be quite common for the value of a raw lead to not be known because it is not possible to directly attribute revenue values back to the point of lead generation. Usually, this occurs because the sales process is disconnected at some stage from the online journey, losing the association between the final sale and the source channel for the original lead.

But while accurate information is essential, the business value does not need to be exact. What we are looking for here is a good idea of what things are worth. In the absence of any data, a well-informed guess is much better than nothing.

For example, imagine an organisation trying to work out the value of their raw leads where the value of the different services offered varies wildly.

In this case, we looked first at the available information. We knew how many leads were generated over 12 months for each service line and how many service orders were taken. We also knew the revenue for each service line. With this data, we were able to work out the value per lead, the lead conversion rate to sale and the average value per sale, as in the table below (dummy data to reflect the process):

Service line	Annual leads	Annual sales	Annual revenue	Lead - sale conversion rate	Average revenue per sale	Average revenue per lead
A	452	58	£87,000	13%	£1,500	£192
B	15	3	£85,500	20%	£28,500	£5,700
C	140	27	£3,348,000	19%	£124,000	£23,914
D	68	19	£169,100	28%	£8,900	£2,487
E	7	5	£1,185,000	17%	£237,000	£169,286

But what should the target marketing cost per acquisition be for each lead in each service line? Well, the answer came in the simplest of places.

Before starting this exercise, the annual budget was in place at the start of the financial year. In that plan, the marketing budget was 3% of the total revenue target. So, the organisation would spend up to 3% of revenue on generating these leads. We were able to use this figure to arrive at a solid first-pass set of CPA targets:

Service line	Average revenue per lead	CPA target (3%)
A	£192	£6
B	£5,700	£171
C	£23,914	£717
D	£2,487	£75
E	£169,286	£5,079

Immediately we were able to use the data above to rationalise digital marketing viability for the range of services. Service A is perhaps not viable, but it is low revenue anyway. The other service lines were much more feasible.

Another common business value calculation point is the value of an email signup. Again, a simple calculation can give us a good idea of the value of a new email signup:

Total database size	88,200
Email revenue generated	£187,900
Potential value per new signup	£2.13

Now, this is a little misleading. Most email databases contain a fair amount of deadwood, but as a minimum value calculation, this is not a flawed approach and a good starting point. We can refine it from here by using observations over time. Let's say that observations and testing lead us to believe that 70% of the email database is "active".

Refining the figures

Total database size	88,200
Active database size	61,740
Email revenue generated	£187,900
Potential value per new signup	£2.13

The above table assumes that fresh email signups are going to be active.

Using the email numbers above, let's say that a £3,000 budget didn't generate any direct sales, but directly led to the creation of 150 email addresses. The business value return on that investment wouldn't be so good - £456 of business value generated for £3,000 spend.

Suppose the same budget generated £2,500 of direct sales value (however this is calculated from gross revenue) and 300 new email signups that may convert later within that channel. In that case, it starts to look a bit better, £3,412 of business value generated for £3,000 spend. The extended business value allows us to judge the channel with a little more insight. If we did not include it the £3,000 spent to generate £2,500 in sales would not be viable. With the extended value included, the picture is a little different.

There are many examples in the manufacturing and food industries where the production of a primary product yields a secondary by-product that generates income from other industries. The extended business value concept is very much the same as the idea of by-product value.

Brand value

It can be tough, if not impossible, to pinpoint the value of being familiar to a customer. Paths to conversion can be highly complex and disconnected, utilising a range of devices and channels.

As identified earlier, there is an opportunity for bold brands to gain a share of voice, and thereby a share of the market, by continuing to be present in the market during a recession when other brands pull back.

In the absence of brand awareness surveys, market penetration analysis, brand preference surveys, etc., it may be possible to develop a quantified idea of the value of branding work in your current digital data.

Typically, branding work will show up most obviously in your direct traffic and paid and organic brand search volume. A proportion of customers exposed to the brand will then search for it.

Branding not only increases the awareness of the brand generally, but it creates familiarity of the brand as well. Familiarity can increase brand trust, and trust can lead to an increased propensity for a customer to select your brand. Branding activity helps to influence the customer to choose your brand over your competitor's. With this in mind, the impact of branding may be present in increased conversion rates, increased email open rates and engagement, or an increase in social engagement.

The process here is to try to find a correlation in the data that you have available. By looking back over your digital data during periods of branding activity, you may be able to find uplift in some of these metrics that correlate to the activity dates. Likely, this won't always be possible because of the cumulative and delayed impact of branding, but you might be lucky. In this case, you'll be able to assign a value to brand building work in terms of increased revenue or business value associated with the increase in these metrics. Something to consider here, though, is that if the reach of branding activity is not sufficiently large in comparison with the background levels of data, then it may not be possible to see an uplift. For example, if your monthly brand search volume is 200,000 per month, but you've conducted a little branding activity that has reached 100,000 people in a week, of which 5% may search for the brand, then you'd expect to see an additional 5,000 brand searches.

But this uplift would disappear against the natural background fluctuations of those 200,000 monthly brand searches. If the response is fast, i.e. you see 5,000 increased searches immediately, then this 10% weekly uplift against the 50,000 weekly brand searches might be noticeable. Spreading the uplift across the month, it will disappear. Likewise, if you reached 100,000 people over two months, then any uplift would undoubtedly disappear.

However, do not underestimate the power of the brand in the customer journey. Where possible, it is worth shifting activity across channels to find cheaper methods of still placing the brand in front of customers, priming their consideration and reminding them that you are still very much open for business.

A word of caution, though - I always consider that brand activity needs two elements:

Reach
+
Impact

Imagine two senarios:

1. **You run some display activity.** It costs you £10,000 to put 4,000,000 banner ad impressions in front of 3,000,000 people over a month.
2. **You run some Facebook activity.** It also costs you £10,000, and you secure 4,000,000 impressions but only reach 1,000,000 people.

Which is better? The first situation reaches many more people, but banners aren't as impactful as newsfeed ads (in my opinion and reflected in the benchmark click-through rates) and in terms of brand exposure each person sees 1.33 impressions in a whole month on average. The second situation is a more impactful channel, and brand exposure is an impression each week on average, four impressions across the month.

It is hard to make this decision. When faced by this sort of question by clients, I often resort to a custom metric scenario. In this case, I might assign a metric called "brand exposure strength", or something similar, which would be a scale of 1-10 on how effective and robust I believe that a brand impression in that channel might be. It's a guess, but let's see how it works. There might be several factors that fit into the brand exposure strength metric, such as the type of creative, position on the page. Ultimately, not too much since this is essentially a mechanism to give me an idea of how these two-channel situations might compare. I then create an "impact score" custom metric, which is basically:

Impact score = (reach X frequency X brand exposure strength)/1,000,000

Armed with this info, I apply it to the two channels. I decide that in my experience the display ad is a three, and the Facebook newsfeed is a five.

What this shows

Channel	Spend	Reach	Impressions	Frequency	Brand exposure strength	Impact score
Display	£10,000	3,000,000	4,000,000	1.33	3	12
Facebook	£10,000	1,000,000	4,000,000	4	5	20

Measurement frameworks

The useful adage “if you’re not measuring it, you’re not managing it” is especially true when marketing under challenging circumstances. If you cannot measure the output of activity, you cannot judge if your actions are producing successful outcomes.

So how much extra effort should you put into moving a performance needle that you cannot see? Normally, none. What’s the point?

A measurement framework translates your business objectives into metrics that you can directly measure. Measurement frameworks sit as part of your digital strategy, translating your vision into measurable units that you can track. They also help to validate your digital marketing plans by drawing attention to elements that cannot be measured.

Digital is highly measurable, but let’s be under no illusion – some elements will elude measurement no matter how hard you try. We’ve already discussed the idea that some of the measurement of branding work, for example, may need to found in proxy metrics such as increased conversion rate or brand search. If you can find proxy measurements, then this can go into the measurement framework.

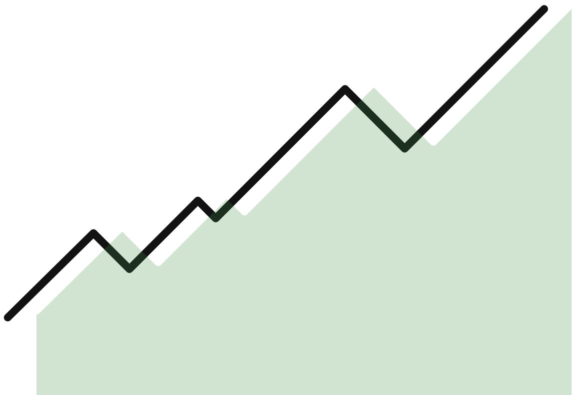
But there may be some things that your organisation instinctively knows adds value but which you cannot measure directly as per the following examples:

- The improved customer perception of your brand from that last email newsletter
- The onward life-time value of goodwill gestures to your customer
- The importance (and value) of on-going communication after the purchase but before the product delivery

Sometimes things are how they are, but it’s essential to know which fall into this category and which should be measured because they can be - just knowing which is which gives you a management angle.

If you don’t already utilise a measurement framework, then now is an excellent time to take a look at how it can help keep your digital marketing focused on delivering measurable impact.

You can find a measurement framework template here.

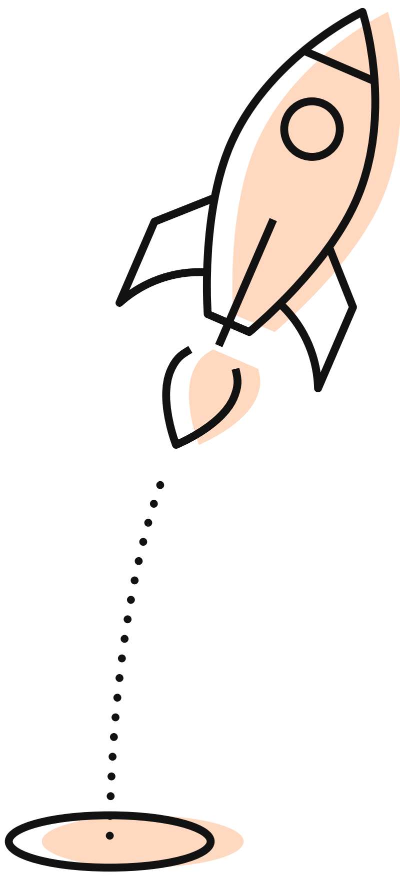


Channel performance

I don’t know of a digital marketing team that doesn’t have a relatively good idea of how their digital channels perform. The availability of native performance of data within digital platforms is quite exceptional.

As the market gets more challenging, though, you’re going to need to keep a closer monitor on activity and look at how each performs individually and as part of the digital marketing mix.

Later in this document, we will look at scenario planning, core activity, growth areas and fall-back points. It is worth applying these techniques to each channel individually as well as for the marketing activity as a whole.



Blended performance

The customer journey can be quite complicated, utilising many different touchpoints, channels, and multiple devices. As a recession bites, customer consideration lengthens, possibly increasing the complexity of the journey.

We can identify how customers start their journey and what their triggers are, and digital is very good at measuring those channels that directly lead to a conversion within a last-click attribution model. What happens between those two points, though? Google has coined a term for this complex piece: the messy middle.

We'll discuss this a bit more when looking at changing customer behaviour. For now, what we need to acknowledge is that some channels appear strong for conversion, others weak. But the real picture is obfuscated and in actuality, some channels help to drive consideration, others help to drive preference of choice, and others keep the brand front of mind to increase customer trust. All of them play a part in the customer journey, and they all add value.

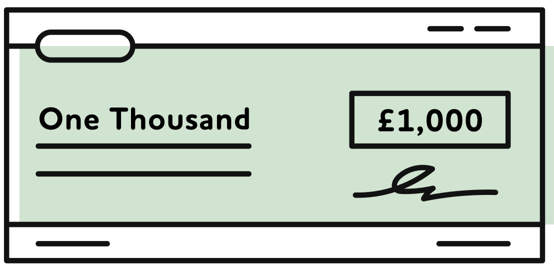
Quite often, organisations will set channel-specific targets. PPC will have one target, SEO a much lower one, etc. This way of working allows for good channel management.

The problem, however, is that equally as often those channels are managed in silos. So if the SEO team are 50% under their target, those efficiency savings are not passed on to the PPC team to enable them to extend beyond their targets and drive additional volume.

Also, channel targets are very often set on previous performance for that channel. If SEO has a history of driving sales at a 5% cost of sale, then they're held to that in the future, because the channel moving from 5% one year to 15% the next implies poor channel management.

Digital marketing often reduces itself to a balance between cost, CPA and volume of sales. As an example, it is quite possible to sell anything to anyone if the incentive is right. You could offer everyone in the UK a cheque for £1,000 if they purchased a £50 product. Who wouldn't spend £50 to get £1,000 back? Would it work to sell the product? Definitely. Would it have a massive volume of sales? Definitely. Would it hit the CPA target and make a profit? Absolutely not!

Blending performance allows for efficiencies in some channels to be leveraged against another, enabling a better ability to balance CPA and volume to find the optimal mix of channels to hit the peak performance.



Channel strategy documents and roadmaps

The conversation on the left is more common than you might think.

In the cut and thrust of everyday work, documenting your digital strategy is not top of the list. Established digital strategies are something of a rarity, usually because formalising one gets pushed back in favour of something else. A digital team may have an excellent idea of what it needs to achieve in terms of targets, but this often sits in the collective conscious or is translated into channel-specific targets and actions and held in the mind of individual channel managers.

We don't want to drown you in bureaucracy as you battle the circumstances thrust upon you by a recession, but keeping a document that outlines exactly how a channel will seek to hit its targets can be referred to over time, shared and further refined. Keeping this plan "in your head" is inefficient, not easily shared, more difficult to refine and even more difficult for others to follow.

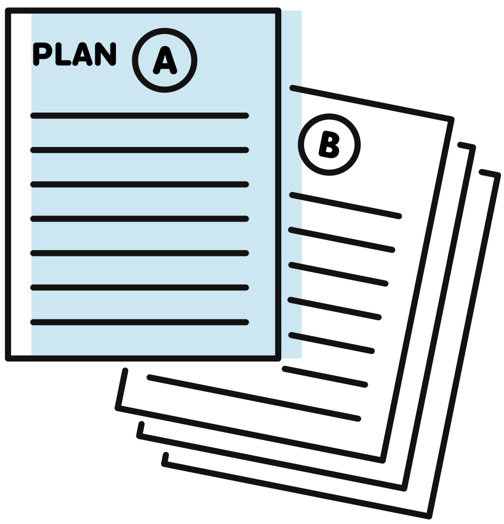
Channel strategy documents can be quick and easy. What they need to state are which of the business objectives the channel is looking to address and how. Channels will differ in their application, some are good at sales, others at awareness, etc., and so stating which objectives a specific channel is attempting to address and how it will do that can help with the cohesion of all channels as part of a whole.

Channel roadmaps are like action plans for the channel. They state what you are going to do to further develop the channel, such as testing new audiences, creating new copy, trying new channel features or new optimisation methods. Recession may restrict the application of some of these items, especially if additional budget or resource is needed, but that doesn't mean the channel shouldn't have a documented vision for its development within your organisation.

Contingency and scenario planning

A recession will likely change the way that you need to work. If recent events haven't already demonstrated how global, unforeseen circumstances can seriously mess up a digital marketing strategy created for a "normal" world situation, then a deep global recession should finish the job.

Contingency plans are your plan B to use when plan A fails. Personally, I like to have a plan C and D too, perhaps even E and F! Contingency plans will sit alongside your existing digital marketing plan, not replace it. They can help you to make decisions and to take predefined actions quickly as events unfold, increasing your speed of response as the situation changes.



Budget cuts

It would be well worth the time and energy now to look at a series of scenarios concerning marketing budgets and available resources.

These might be as simple as:

- No change to budget (best case)
- 25% reduction in budget
- 50% reduction in budget
- 75% reduction in budget (worst case)

Imagine your digital marketing plan as being an onion. Onions have layers. In the middle of the onion, you have all of your essential activities that must keep going. Then you layer in additional activities as you flesh out the full plan.

Each of the scenarios is essentially the removal of the onion layer, creating a series of fall-back points, predefined states of activity that marketers craft to meet the limits of the budget. For each of the fall-back points, you identify the set of activities and the scale of use within the budget constraints.

With each further reduction, a little more disappears, but you will continue to protect the core essentials.

When creating these plans, it is essential to have a good understanding of the value that each set of activity brings to the table, not forgetting that whole bit about the unrecognised value of brand promotion above!

In some of the smaller reduction scenarios, it should still be possible to craft a multichannel strategy that encompasses a good range of activity, but this might get harder as the scenario gets tougher.

It is a good idea to have plans like these regardless of economic conditions because they can help to define the digital strategy by categorising those elements that must always be present, and those that are perhaps more tactically used to drive growth. Having this view on your activity can help with strategic planning and opportunity analysis.

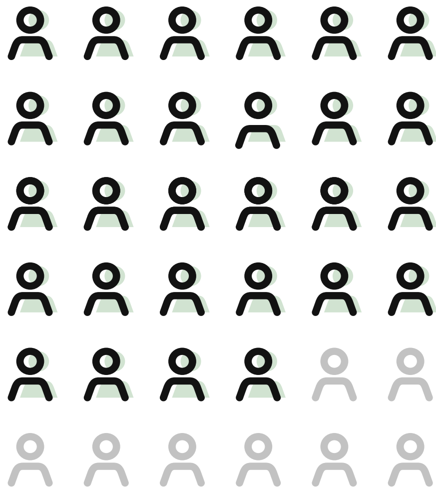
Resource cuts

It is a cold, hard and unfortunate reality that there may be headcount reductions as part of cost-saving measures, or third-party resources that you rely on may need to be scaled back. In this eventuality, you must have an excellent idea of which activities are essential, which fall into the nice-to-have category and how they are delivered.

In-housing of certain elements may be a viable solution that could help to retain headcount while also setting up the business for longer-term efficiency gain. The question of whether to in-house is not trivial but is an area of exploration as part of a resource plan.

You do not need to be a team manager or head of a department to start planning out resource scenarios. Channel managers can look at things like current software and tools used, engaged third parties, etc., and begin to plan out which of those resources are must-haves and which are nice-to-haves.

The creation of contingency plans will help facilitate the continuation of activity should some of these resources be removed.



Produce a channel / conversion matrix

At some point, especially in the very tough scenarios, lines of activity will likely need to be cut altogether due to lack of budget or lack of resource. It's tempting just to cut anything that doesn't demonstrate a direct conversion or sale, or to cut resources and activity based on their cost, but that can be short-sighted.

A channel/conversion matrix can help to demonstrate the value of a channel across a range of conversion points. In the example below, affiliates are good at driving sales, but not much else. Organic search and direct traffic are solid all-rounders, but direct has more of a communication driver skew while organic search has a sales focus:

Channel	Sales	Email sign-ups	Calls
Paid search	350	58	98
Organic search	2,793	144	161
Direct	1,271	240	309
Organic social	211	15	28
Paid social	107	6	13
Affiliates	840	0	0

At this point, you could even assign a weighting element to each conversion type and use a little custom scoring mechanism to give you insight into how they collectively compare and the value that each channel delivers.

Viability assessments

If an activity is new, try to use data to understand the capacity in which it will work and the factors that may make it not so attractive. Viability is a relatively easy thing to work out, based on data you probably already know.

The great thing about digital marketing is that there is much data from which to make an estimate. For example, Smart Insights has published a set of display advertising click-through rates for 2020 that provides an informed set of numbers that you can immediately use. If you don't have benchmarks like this, then some educated guesses and use of scenarios will help.

The table below shows a simplified example using relatively straightforward estimates:

	Changing CTR		Changing conversion rate		Changing PCM	
	Scenario 1	**Scenario 2**	**Scenario 1**	**Scenario 2**	**Scenario 1**	**Scenario 2**
Channel	Display	Display	Display	Display	Display	Display
CPM rate	£2	£2	£2	£2	£1	£2
CPA target	£50	£50	£50	£50	£50	£50
Estimated CTR	0.05%	0.10%	0.05%	0.05%	0.05%	0.05%
Estimated conversion rate	3%	3%	3%	6%	3%	3%
Required clicks for one conversion	33	33	33	17	33	33
Required impressions for one conversion	66,667	33,333	66,667	33,333	66,667	66,667
Estimated cost for one conversion	£133.33	£66.67	£133.33	£66.67	£66.67	£133.33

Reference xxx

In each case, merely changing a core metric such as estimated conversion rate, click-through rate or CPM can help to give a sense of the circumstances required for the channel to be viable. You can then take those same estimates and work backwards, demonstrating the required set of circumstances that would hit the CPA target:

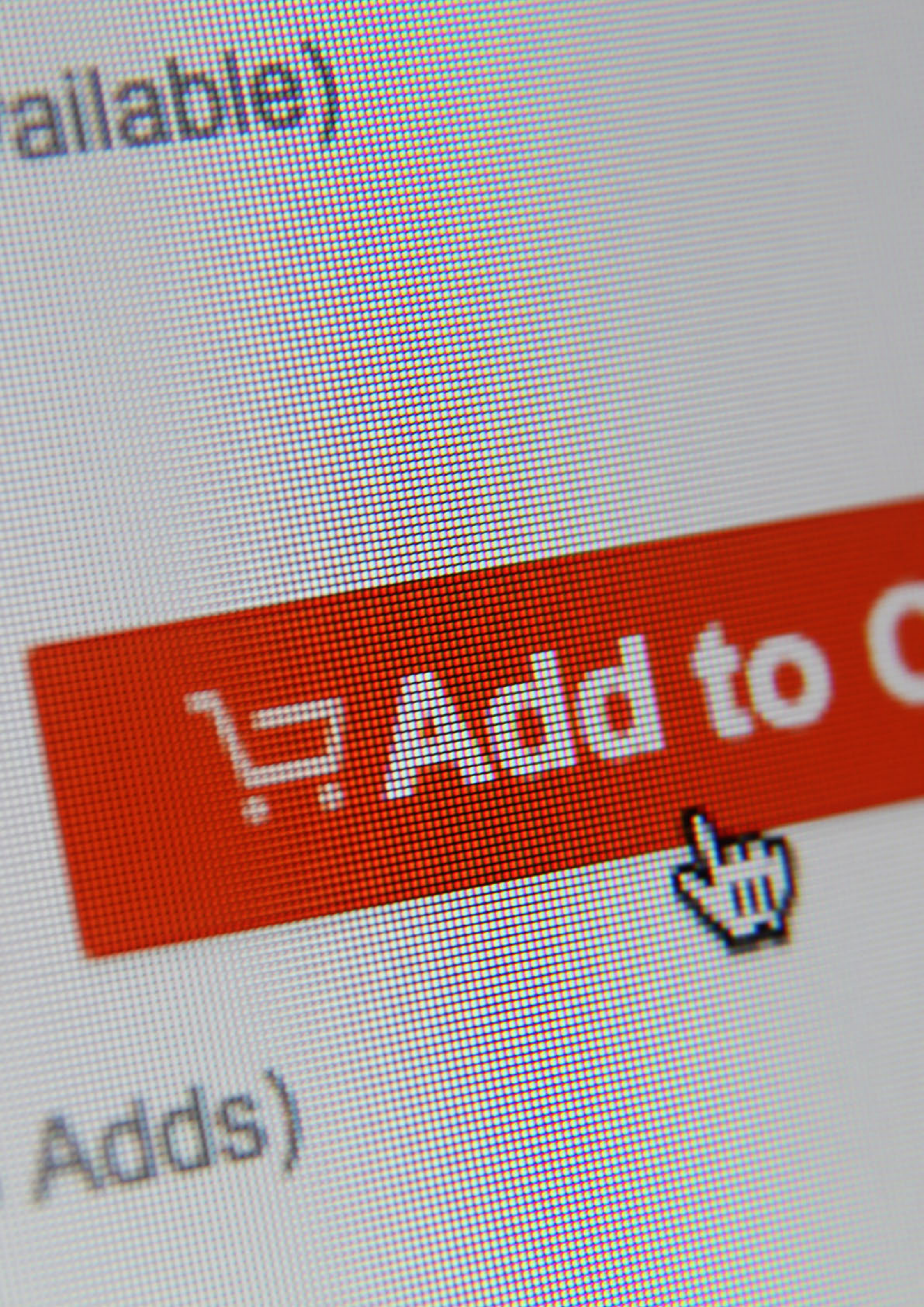
	Required metrics for channel to be viable			Golden scenario
	CTR	**Conversion rate**	**CPM**	
Channel	Display	Display	Display	Display
CPM rate	£2	£2	**£1.33**	**£1.33**
CPA target	£50	£50	£50	£50
Estimated CTR	**0.13%**	0.10%	0.05%	**0.13%**
Estimated conversion rate	3%	**8%**	3%	**8%**
Required clicks for one conversion	33	13	33	13
Required impressions for one conversion	25,000	25,000	66,667	9,615
Estimated cost for one conversion	£133.33	£50	£50	£12.79

The golden scenario is where the CTR, CPM and conversion rate all hit the levels required individually for the channel to be viable.

It is possible to create the tables above very quickly, giving you a sense of whether a channel is going to be viable before you spend any money on it. If your display provider charges a flat rate CPM of £2, then it's not going to be possible to get the £1.33 CPM rate. If your on-site conversion rate has never been above 5%, then an 8% performance is unlikely, without commitment to conversion optimisation work. If none of the factors check-out, then the channel is not going to be viable in the context of how you want to measure it, in this case, CPA.

I have produced a free download that leverages some of this thinking to create similar viability charts comparing conversion rate, CPA and cost per click **which you can download here**.

The last point to bear in mind is that just because a channel doesn't stack up in one context doesn't mean it won't work in another. The display example above might not work for the CPA target, but the channel might provide a cost-effective method of putting your brand in front of the audience as an awareness channel. The context of the viability assessment is everything, and this brings us back to the need to have a hierarchy of conversion actions for reference.


Add to
Adds)

Get to know your customer

5

Unlike the 2020 recession, which was caused by a lack of access to businesses, the 2022/23 recession will be caused by a lack of demand caused by increased pressure on household incomes.

Increased digital adoption following the pandemic has opened up customer access to a wide variety of businesses, many of which were not using digital extensively pre-pandemic. There are potential cost efficiencies to be leveraged from these channels for those brands that are imaginative, brave and committed.

Customer reaction to a recession

A recession does not affect everyone in the same way and is highly dependent on the financial circumstances of the individual leading into the recession.

Some customers will remain completely untouched by the recession. They either have a form of income that remains stable and unchanged, or they are affluent enough for the downturn to not directly affect them. These people will continue to spend nearly as usual, but larger purchases may be slightly more considered.

Most customers will react defensively. For those hit hardest by the recession, those who have lost jobs will start to pull back on their spending to the pure essentials. The same behaviour can be seen across all levels of income.

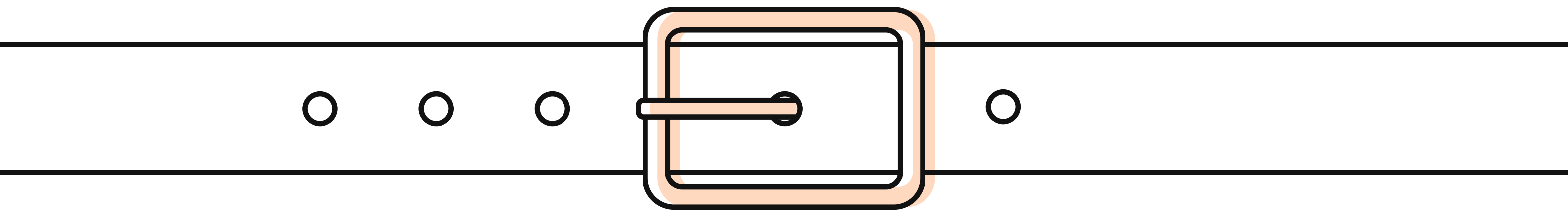
For some, even though they may not have lost their income, the anxiety and unpredictability of the situation will cause them to behave in the same way as they prepare for the worst.

Another type of customer will manage to ride out the recession in a less risk-averse fashion. Their income may be more stable, or they may be less anxious about the situation, and this will give them the ability to continue to spend a little closer to normal. They will still economise and cut back on luxuries, but they won't drop back into essentials only.

What each of these customers types has in common is that they don't stop needing, wanting or aspiring through a recession. They still want a holiday; they still want a new games console, and they still want to go out for dinner.

What changes is their attitude to spending. Some cannot spend, some choose not to spend on these things, and some will continue to spend relatively normally, but it just takes longer for them to justify it.

For most customers, there is increased emphasis on price and value for money to the point where these elements become the overriding consideration.



Changing customer behaviour

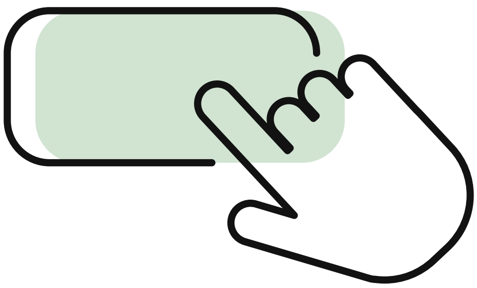
Customer journeys happen as a series of stages, and a recession is likely to change customer behaviour in all of them.

Your digital marketing will target each journey with distinct messaging and perhaps via different channels. Remarketing, for example, is a crucial channel for use through consideration and selection while display and video ads can help with addressing awareness.

Changes within each stage will perhaps require changes to your channel and audience strategies.

By understanding the impact of a recession on your particular set of customer journeys, you will be better able to redefine those journeys, address concerns and considerations.

This knowledge will help marketers position the brand more favourably and perhaps retain or even grow your pre-recession customer share.



Moving from unaware to aware

At this point in the journey, the customer is not aware of a specific brand, service, product that exists as a solution to a need that has arisen. It may also be the case that they are not making the connection.

For example, everyone knows Tesco. It's one of the biggest brands in the UK. But what if, tomorrow, Tesco started to sell an established product line that you also know and love? In this case, although you are aware of the Tesco brand and the product brand individually, you are unaware that Tesco now sells that product until you are informed, either by a communication from Tesco or the product brand or by seeing the product in-store or online.

Exposure from external sources such as TV ads, social media or word-of-mouth, or through previous experiences, make customers aware that a solution or association exists and moves them into the next step. As brands begin to pull back on advertising spend, their ability to position themselves at this stage of the customer journey becomes harder.

The recession doesn't directly affect the needs of the customer, but it will impact which products/services catch consumer attention.

Researching and consideration

Once a customer is made aware they seek to expand on their knowledge. The customer will start to research the differences between various products and services to begin the comparison.

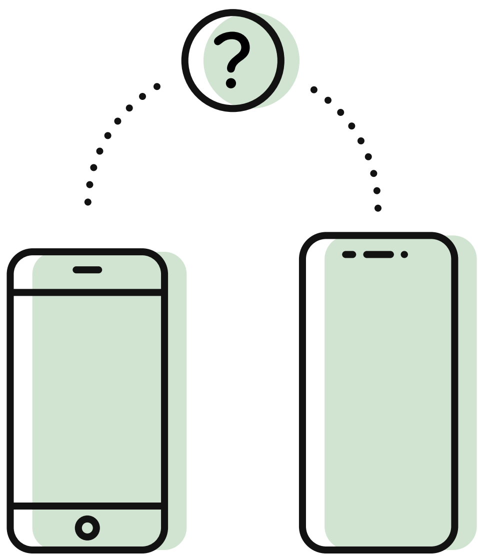
Customers use research channels such as search to find out more information or will use their social circles to seek out recommendations for further investigation. They will seek out pricing and delivery information, third party product or brand reviews. They will look at customer reviews and look at alternatives. All of this research is to justify the spend and ensure that they are buying the right solution to address their need.

Research feeds consideration. With all of the gathered information at the disposal of the customer, they consider their options. A recession changes the priority order of the key consideration points. Some customers may have decided that immediacy and availability are their prime consideration points; others may look at product or service quality or the trustworthiness of the providing brand. Through a recession, price and value for money become a priority for many customers.

The other factors may still be under consideration, and for some may override price and value for money, but for the majority getting the best financial deal fits in with their immediate need – getting what they want while not jeopardising their financial security.

Marketers need to understand what matters to their customers. What are their consideration points now?

Are your customers those that have to drop to essentials-only spending or are they more able to weather the storm? Customer surveys and behaviour analysis can help you to define what your specific customer base is thinking, what impact the recession might have on them and how they are likely to react. Understanding this can help you to better position what you offer and possibly to identify additional areas of opportunity and to innovate on what you already do to meet new customer needs.



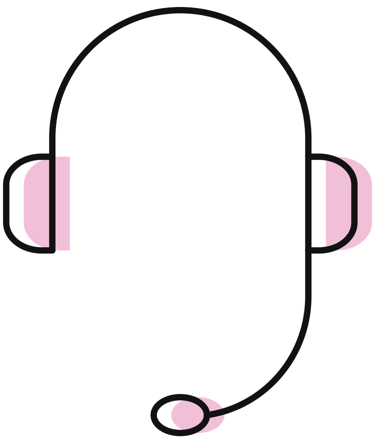
Selection and transaction

Those brands that do an excellent job of directly addressing customer consideration are often the ones that get selected.

Remember, consideration is a comparative and balancing exercise. Customers are balancing cost against other factors. If you have a superior product that justifies an increased cost, then pointing that out to customers can help them make a balanced and informed selection of your brand.

Through a recession, it is a good idea to look back over what you do and ask yourself "why would our customers choose us?". I can honestly say that when I have asked businesses this question, 90% will immediately answer that they offer a superior service. It is only valid in a handful of cases at most, and in many cases, those businesses are not monitoring competitors' service levels, so how would they know?

Honestly assessing what makes you and your brand stand out in a challenging economic climate is essential. Without doing this, how can you address those customer considerations or position your strengths sufficiently to outweigh that price consideration? If your market position is as the cheapest provider, then you have a head-start. Everyone else needs to think carefully as a customer.



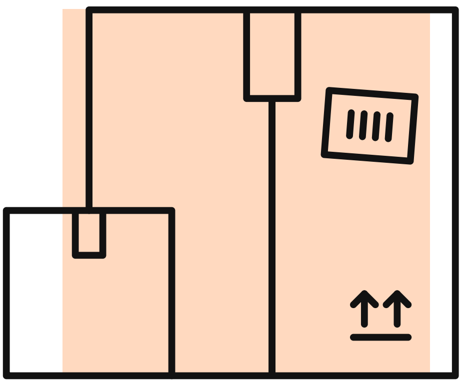
Lead time and use

Lead time is the duration between making a selection and then using that product or service. Nowadays, with next or same-day delivery, the lead time can be short.

The lead time and use stages are probably the two most significant contributors to the customer experience. Poor service or low product quality and long delivery wait times can seriously change what people think of you.

If you read through customer reviews enough, you'll see that most of them focus on these two stages.

A few will mention whether it was easy to place an order. The majority of bad reviews focus on poor service before receiving the product or service, poor experience using the product or service, and then poor service trying to rectify that poor experience.



Advocacy and loyalty

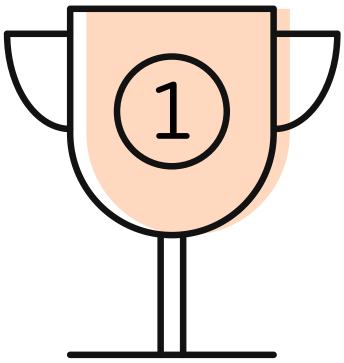
Everyone knows that customers of your brand are more likely to recommend you to others if they have received good service and the quality of what they have bought meets or exceeds their expectations.

Loyal customers are those that choose you again because they have had a positive all-round experience and what they have bought meets all of their expectations.

All of this goes out the window during a recession. In contrast, I might prefer a particular brand of toothpaste because of its whitening prowess and lovely, balanced minty flavour. I might throw that entirely out of the window and go for a cheap economy brand simply because I cannot justify the additional cost when under financial pressure.

I will likely return to that brand when I'm no longer as anxious about my financial security, but right now, I feel the pinch, and I tighten my belt.

Recessional situations push brand loyalty down in priority. To address this, you will have to reaffirm all of the benefits of your product or service, making it clear why you are the best choice over cheaper brands and why those additional factors lead to greater value for money.



What does the customer actually want?

Customers are probably more informed about products, services, and brands than ever before. The internet has placed a wealth of consumer information at their fingertips.

The modern consumer is digitally empowered. They know what they want and how to go about getting it.

So the consumer knows what they want, but do you know what they want? While we know that price sensitivity increases during a recession, the other needs are still present. Customers always want to engage with a brand they can trust. They still want a quality product or service that meets their needs and expect good customer service. But how has the recession changed the balance across these factors? These are questions that are well-worth asking your customers to help you tweak your services and increase your attractiveness to them.

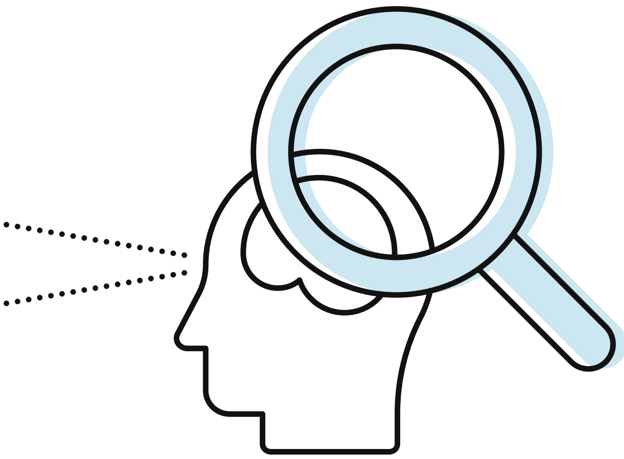
Customer behaviour on-site

As digital marketers, you are probably up to your knees in performance data every day. It comes with the territory.

A couple of metrics you might not look at all that regularly, though, are things like time on site, average session duration and number of pages per session.

There are some holes in these metrics, admittedly, but what they can start to show is how those customers that come to your site behave. Do they bounce out or do they hang around? If they dwell, what content are they looking at, and how much time are they spending on essential pages such as service/product description pages?

All of these metrics can start to give you an idea of whether customers want to engage or not. If you begin to see increased page views of particular pages over others, this can start to give you clues about the information the customer is trying to find to help them compare and consider. For example, do you have increased views of your delivery pages or returns policy pages? Is the dwell time on product pages more extended than usual?



Exceed expecations

Try to keep close to your customers, what they do, what they need and how they behave.

All of this information can help you to find ways to adapt to their needs and increase the chances that they'll consider you more favourably than the competition.

Expectations can be financially linked and relative

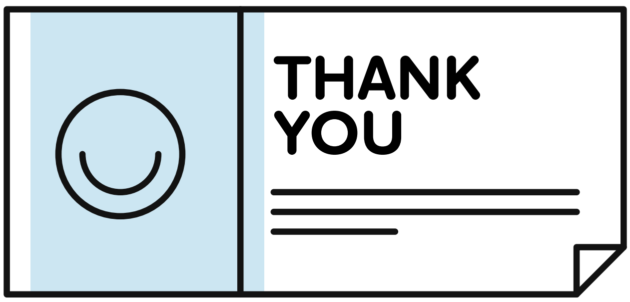
How much something costs does influence your expectations of it. You expect more from something you've paid more for. Today's sales figures are one thing, but you can help tomorrow's sales figures with little extra effort.

The feeling of cost is relative and extends beyond the physical price. For example, two people buy the same item for £20, but the first customer has £1,000 in the bank (lucky them) and the other only has £20 in the bank (perhaps it was a tough month).

While they both know that they paid the same amount, the second customer will feel the cost more. In relative terms, they have made a greater sacrifice for the item, and this might change their expectations of it.

Now apply this to a recessional scenario where every penny counts, and where customers are considering the financial risk behind purchases more keenly.

The situation is likely to make any expenditure feel like a more considerable sacrifice and thereby increase expectations. Using the correct language, positioning the product or service better and addressing these considerations with the increased prominence of the benefits of what you offer is required.



Exceed expecations

Today's sales figures are one thing, but you can help tomorrow's sales figures with little extra effort.

During the pandemic, one of the Fresh Egg staff received their order from **Brainbox Candy Ltd** and inside that order was what appeared to be a handwritten note from the company senior management. In reality, the compliments slip was printed in a handwriting font (no business owners have the time to handwrite compliments slips!). Still, the message was a thank you to the customer for supporting their business.

This easy, simple and effective method reminds your customers that there are people behind the brand identity and so adds a vital human element to the transaction. Touches like this can help to make your brand memorable and preferable to others.

Thinking about the customer and adding little touches to delight them, can make a massive difference when customer confidence is low. Exceeding expectations doesn't necessarily mean throwing in special offers and price reductions. Sometimes the smallest things can have the most significant impact.

The point to bear in mind here is that today's sales figures are one thing, but you can help tomorrow's sales figures with little extra effort.


Hello! We hope you are well.

As a small family run business, we thank you wholeheartedly for your order and support at this time, it really is appreciated. Hopefully your order brightens someone's day. Whilst we all wait for light at the end of the tunnel, we just wanted to wish you and your family good health at this crazy time. Look after each other. Stay safe, keep smiling and keep washing those hands!

All the very best, Ben, Mark and all the Brainbox Candy family x

with compliments!

Brainbox Candy Limited 11 Laurence Ind. Estate Eastwoodbury Lane Southend On Sea Essex SS2 6RH
T: +44 (0)1702 716643 | E: info@brainboxcandy.com | W: www.brainboxcandy.com | You look lovely btw.

Know yourself

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As well as knowing how your customers' behaviour is changing it is also critical to turn the lens on your organisation and take an honest look at how you fit in with your customers' needs and motivations.

Give yourself a digital chance

All too often, organisations can be very insular. They keep doing what they've been doing and develop iterations of what they've already seen to be successful.

They produce these products and services and put them out to market, and they try to convince customers to buy them on their terms. Many businesses only reflect within their walls and rarely look at themselves from the perspective of an outsider.

An example of this was a retailer I worked with some years ago. They had a powerful, widely recognised, perhaps iconic, brand built in the physical retail arena. As they moved into digital, they expected their customer base to engage with the brand with the same zeal as they engaged with their stores. When trying to sell non-exclusive products online, they struggled to understand why the consumer was not choosing them; after all, they were Brand X. Despite their protestations of how well established, loved, and reputable their brand was, customers weren't choosing to buy the product from them.

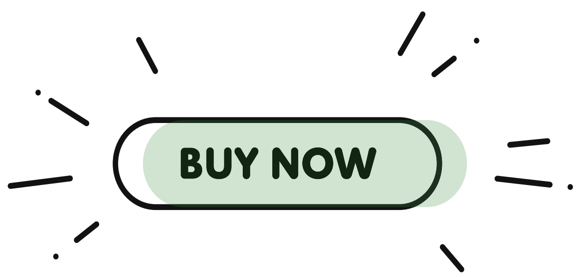
The problem was that in the arena of Google shopping, they adhered to the full recommended retail price with a £6.95 delivery charge and three-day delivery turnaround. At the same time, their competitors offered the same product cheaper with free delivery or £3.95 next-day delivery.

For the customer, it was the same product, but the commercial offering for Brand X didn't stack up.
The other retailers looked trustworthy and had good customer reviews, and with a more robust commercial proposition for the product, the decision was easy for the customer. The brand power of Brand X didn't mean as much to the customer as they perhaps thought.

You must review your digital offering and compare it to the market and what the competition is offering, especially as the recession narrows the consideration points. Even in good times, having a poorly competing proposition can create a barrier for customers, but when the customer is under financial pressure brand loyalty becomes less important, especially where it seems to be very one-sided.

You must also take a step back and look at your organisation from the outside and ask some tough questions: why would customers choose us over our competitors? What do we do that is truly special? What value are we adding to the customers' experience?

Your customers think about these things every time they need to potentially engage with you and use what they find as decision-making criteria.



Be honest about your position

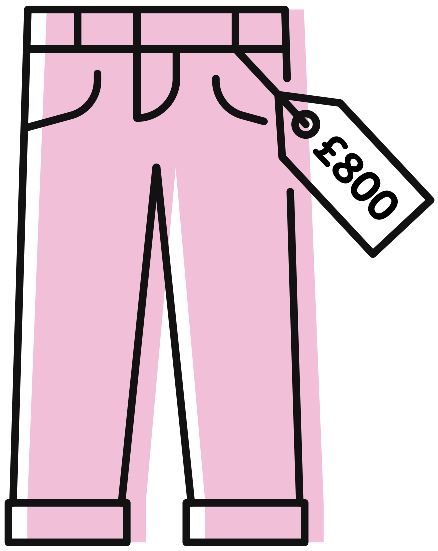
Almost every business I've ever spoken to will list their customer service as a unique selling point. The painful truth in many of these cases has been that their service is no different from the competition.

Most businesses don't monitor their competitor customer experiences, and most of them haven't won industry awards for customer service, so how they can determine that their service is a stand-out point for their brand and gives them competitive edge? The statement is a belief, rather than a fact.

Being honest about the role that you fill in the market, what your actual strengths are and where your weaknesses are is going to take on new importance in a challenging market. It is only through being honest about yourself that you become able to make real changes to those points that might turn customers off. If your delivery pricing is high, why is it high? If you can't do anything about that, can it be justified in any other way?

Sometimes the painful answer is that you don't fit where the customer is. A customer looking to buy a pair of jeans may no longer wish to spend £800 on Gucci designer jeans as they become more financially cautious. You may have a great product and service today, but does it fit with the customer's need in the recessional world of tomorrow? If not, is there anything that you can do about that?

There is nothing worse than having sales targets for a product or service that customers do not want to buy. You don't always have to drop your prices, but you do have to make an extra effort to make the sale, and that will include pointing out all of the features and benefits to help the customer justify their spend. As I said, recessions are hard work.



Optimise everything

7

In a scenario where you are marketing with reduced resource and budget, you're going to have to focus on efficiency. We've already looked at pulling activities back to pre-identified positions, but other areas also need consideration.

Time is a currency

In the 2019 blog post “For Digital Teams, It’s About Time” I wrote about the need for digital teams to think about time in the same way as they do their marketing budget. Time needs to be accounted for and spent wisely. This blog post is more valid now than it was then.

When you’re short of resources, possibly working in a team with reduced headcount or interfacing with other teams in the same situation, time becomes even more critical. You might be taking on additional responsibilities within the team, attempting to absorb lines of work that were delivered previously with resources that are no longer available. There is more to do and only the same number of hours in a day. In this scenario, no one can afford to waste time.

Timesheets are relatively common in agency life, but less so in client-side marketing teams. Timesheets generally get a bad rap as being too “big brother”, but if utilised adequately within an organisation can be an effective method for time accounting.

Time sheeting gives team managers real insight as to how time is spent within a team and opens the ability to identify and address time drains directly. No one likes to be sat in long, pointless meetings or spending large chunks of time on tasks that do not add value to the business.

Filling out timesheets is highly recommended, but they have to be positioned within the organisation correctly, especially during a challenging market. Employees may be feeling insecure about their employment, especially if your organisation has made cuts, and adding timesheets can be an additional concern for employees.

Timesheets are best used as a means to help employees to make their lives more comfortable, and employees need to have trust in the mechanism. The time culture within an organisation needs to be able to support their use.

Reference xxx

Identify the work that needs to be done

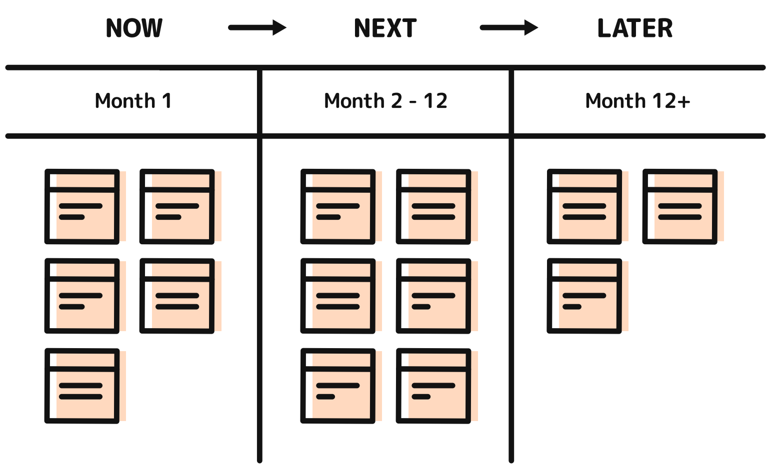
Your digital marketing plans, channel strategies and development roadmaps will help you to identify the regular works that require completion. Having this to hand will help with time and resource management.

It is worth splitting out the regular tasks that need completing against the more sporadic activities and then honestly assessing the need for each of those tasks within the organisation. For example, I have regularly encountered businesses that do not consume their digital reporting at the frequency which an agency or their team might produce them.

The amount of time spent on producing reports that sit unread in shared marketing drives across the UK would probably be quite shocking if added-up.

Reporting is an important task, integral to digital marketing, but optimising the work required for it by assessing what data is needed, by whom and how frequently can free up precious time and resource. Automation can be another considerable time and resource saver.

Automated data dashboards enable a data self-service culture. If the sales team want to see recent site traffic stats they can, without the need to fill in a data request form and then wait for you to produce that data. Where possible, they are automated.



Kick fiefdoms into touch

Every organisation needs structure. For most, the structure is organic and defined by the different functional areas: the departments.

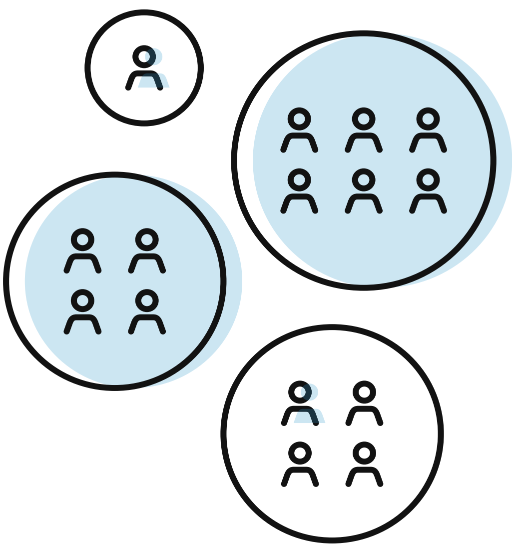
One of the unfortunate by-products of a recession is a decreased sense of job security. For some, this bolsters work ethic, and an "all hands to the pump" attitude starts to shine through. For these people, collegial behaviours increase. For others, the pressure generates strong defensive behaviours. For these people, they attempt to define themselves or their team as indispensable, and they do this through a series of uncooperative or highly restrictive behaviours.

The problem with this latter behaviour is that it introduces artificial inefficiencies and barriers into every day working life. It is often not malicious but stems from a sense of needing to assert control.

This behaviour doesn't always need a pressured situation to show itself; it can arise through poor leadership where it is allowed to take root. It can occur through the natural personality of individuals, and it often occurs where the delineation of roles and responsibilities of individuals or departments are not correctly defined.

There is no place for fiefdoms. They can appear in any organisation, and they impede integrated working for the worst possible reasons. At a time where you need the highest levels of efficiency and collaborative working, they can arise and cause problems.

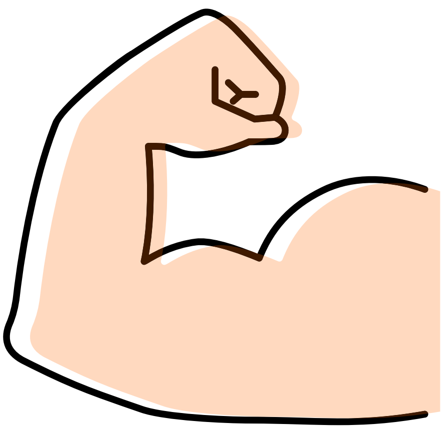
Fiefdoms can also exist within a team and as such are perhaps easier to remove. Good quality coaching, strong leadership, providing individuals with a sense of worth and clearly defined and delineated responsibilities can help to mitigate the behaviour.



Play to your strengths

Related to the issue of time optimisation is the need to do the right sort of work within the team. Optimising resource efficiency by focusing on work that adds value, will produce the best value returns. But is your team the best resource to do it?

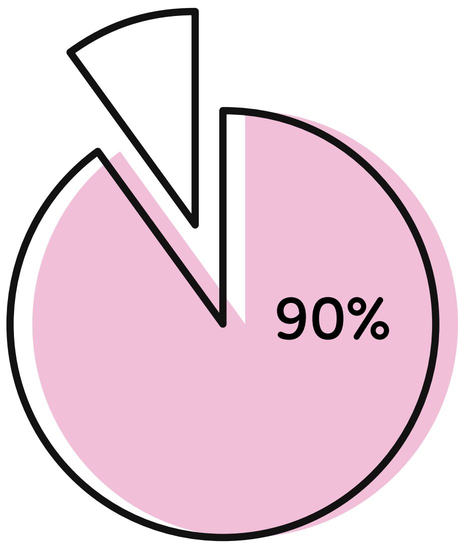
If a resource becomes strained, it's important not to try to take on everything simply because there is work to be done. It can be enormously inefficient to try to complete work where a third party might be able to conduct that work more efficiently, more cost-effectively and with greater impact. It's tempting to try to do everything yourself, but wholly unrealistic. Being honest about what your team is capable of and where their strengths lie is an essential piece of resource management.



Maximise your current traffic efficiency

As a digital marketer, you're probably very familiar with your site conversion rate. Average retail conversion rates might hover around the 3% mark, but yours will be specific to your business and your targeted audience.

Have you ever looked at your conversion rate from the opposite angle? Let's say you have a 10% conversion rate – that might be good, one of the best in your sector perhaps. Nice work. However, from the opposite angle, it means that 90% of people that visit your site do not choose to convert.

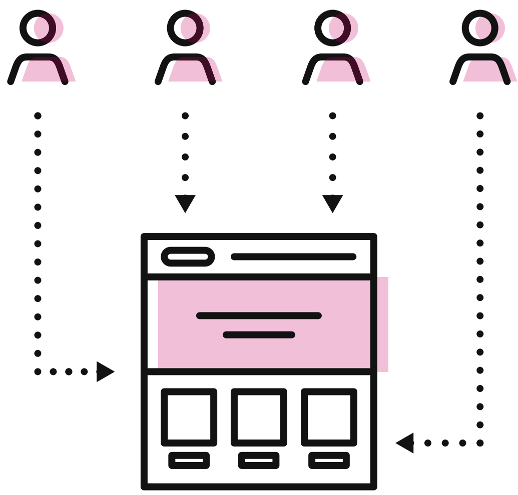


Different types of traffic

Your website visitors are not all the same, and they don't all have the same value. Some are prospective customers while others are "functional" traffic, others, existing customers looking for support, or to log back into your site and engage with any accounts they have with you.

This functional traffic dilutes your conversion rate, so it's an excellent idea, generally, to have a solid understanding of your different traffic types and how they make up your overall traffic base. Then, as part of a conversion optimisation programme, you can begin to prioritise important journeys and work on them to make them more accessible, thereby reducing any obstacles to conversion and pushing that conversion rate a little higher.

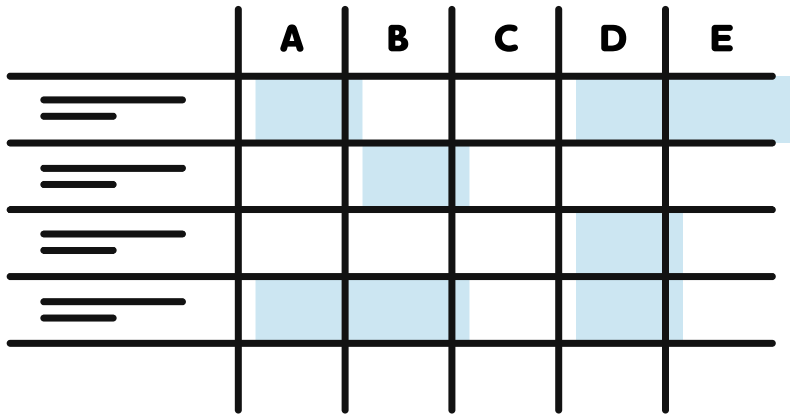
Where possible, use your analytics package to categorise your site visitors into groups. Anyone that logs in is functional. Anyone adding elements to a basket, completing forms, viewing product pages, etc., might be considered to be prospective customers. Once you have some insight into the different types and can categorise them, you can start to understand where they come from and their behaviour on your site.



Produce a channel vs. visitor type matrix

Which of your channels deliver potential converters and which facilitate functional traffic? Pulling together a simple matrix now can help when you have to start pulling back on channel activity.

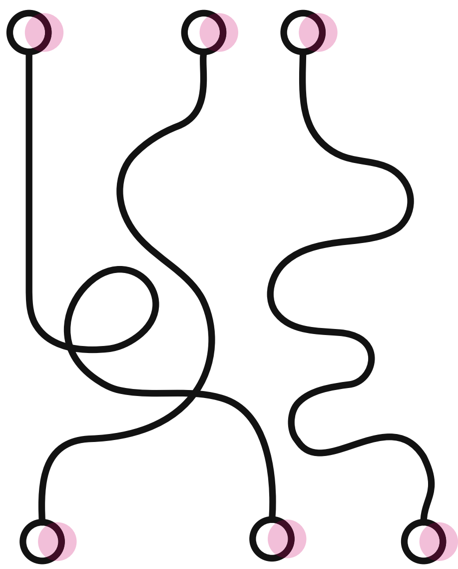
Channels that deliver the largest number of prospective customers should be maintained as much as possible.



Agility is essential

Recessions and challenging markets can be full of twists and turns. If you're not agile, you run the risk of not being able to adapt fast enough.

History reminds us there are numerous examples of companies that did not adapt quickly enough, either because they didn't believe in the changes they were seeing, or their business models were too restrictive.



Famous failures

A famous example was Blockbuster. Contrary to popular belief, Blockbuster did see the rise of streaming and was quite open to the idea.

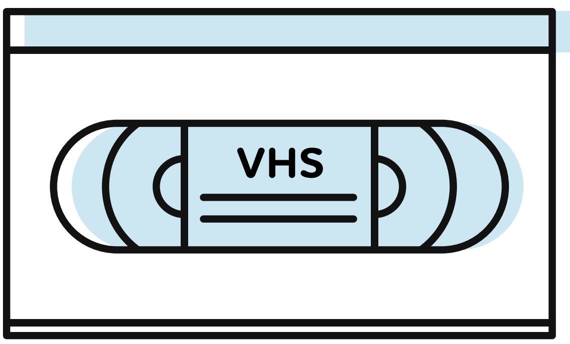
They didn't fail because they refused to believe that streaming would be popular. The problem was that a very substantial portion of Blockbuster's revenue came from late fees. Moving to a streaming system where late fees became obsolete would strip out a large slice of Blockbuster's revenue.

Blockbuster was trapped by the penalties it leveraged on its customers. By the time Blockbuster dropped late fees in an attempt to reignite the rental market, the world had moved on.

Kodak was similar. Failure to recognise the popularity and adoption of the digital camera did not kill Kodak per se, but rather the resulting drop in demand for film. Kodak was responsible for the invention of the digital camera back in 1975.

The Kodak business was highly reliant on film, and as customer preference shifted rapidly towards digital and demand for film fell rapidly, Kodak couldn't pivot fast enough.

What both of these examples demonstrate is how a relatively quick shift in customer preference coupled with a business model that was not agile enough was able to bring down two industry giants so quickly.



Building agility into digital marketing operations

There are numerous reasons why some businesses are more agile than others, and this paper will not provide a business strategy. A digital marketing team, as a business unit within a larger organisation, might be looked at as a micro business. In this sense, all previous examples deserve consideration and application.

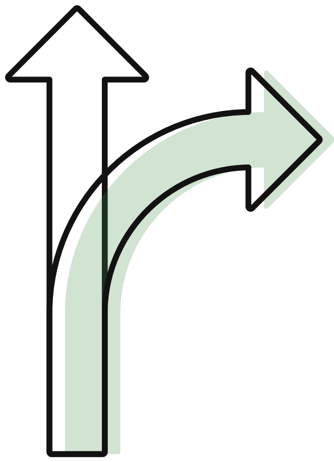
Building agility into your digital marketing operations is good advice, mainly when your team is under pressure. Being able to pivot what you are doing, what you are saying and how you position the brand may be the critical step that keeps you one step ahead of the competition.

How do you build agility? Well, it starts by looking at where your sticking points are. Are you the sort of company that gets bogged down in red tape? Is your C-suite management open to new ideas and new ways of thinking? Do you have an innovation process?

Can your organisation or department develop new products, services or practices of working relatively quickly?

These questions will give you an idea of how hard it will be to build agility into your digital marketing team. At Fresh Egg, we have an innovation process that starts with the production of an idea one-pager. Our method is a simple yet effective method of filtering the throwaway ideas from those with longevity.

We have departmental roadmaps that push on service development. We keep a close eye on our customers and react to their needs. Our roadmaps help Fresh Egg progress time and again.



Know your competition

Unless you're fortunate, you're likely not the only organisation in your space that does what you do. I know from experience that competitor monitoring is very ad hoc across the organisations that I've had the pleasure of working with, and rarely is it structured. There is a lot of anecdotal evidence that is not backed up by any data or methodical process.

Keeping an eye on the competition can help you react faster. While customer behaviour can shift the provisions that an organisation like yours deliver to the customer, so too can provider services and products change customer behaviour and demand. In this latter case, it is how you and your competitors engage with the customer base that can impact what those customers now seek.

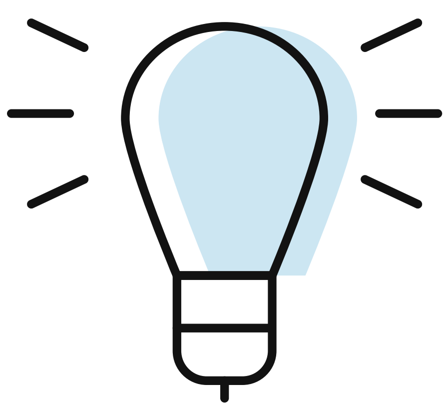
As in the Kodak and Blockbuster situations, the disruptive addition of alternative services caused both of those companies to fail or substantially struggle. If you look at Kodak's homepage now, the main product or service that they are pushing is their "Prinergy" service, a cloud IT workflow model. Pretty far from cameras and film.

Don’t stop innovating

Innovation is a critical element for any organisation. In a digital marketing team, innovation will mean finding new ways to use existing channels and adopting new ways of working.

It may include testing out new audiences, testing marketing messaging and positioning or trying new types of content, or it may be the addition of automation or other tools to make life easier and more efficient.

It is through a functional innovation process, assessing what works and what doesn’t and introducing improvements that improved efficiency and effectiveness optimally utilise existing resources and budgets. Innovation is a critical piece of the optimisation cycle.

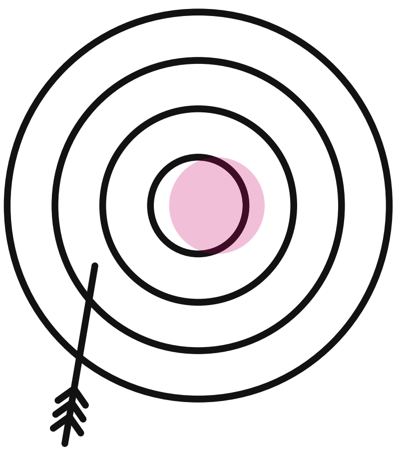


Don’t be afraid to fail

There’s a well-used phrase to describe a positive attitude to failure: “fail fast, fail often and fail early”. What this phrase says is don’t be afraid to try new things that might fail, and you should do lots of trying new things, but when they’re not working out don’t waste time on them. Recognise when things aren’t working, analyse why, learn from that, and move onto the next thing.

In a recession, businesses can become very risk-averse and can start to see failures as a waste of budget. While it’s important not to “fail often” it’s the test and learn process here that is valuable. Failure is a vital part of learning, and learning is essential for success. No one hits the bullseye on their very first attempt, and digital marketing is no different.

The essence of agility enables teams to try new directions, to shift approach to something else quickly. You can’t be agile if you’re petrified of failing. I have often advised my clients that there needs to be a healthy culture of failure within their digital marketing teams. The critical element here is “healthy”. Having a blasé attitude to failure is not healthy. It does matter if you fail, and failure is not something you want to be doing all the time. You only fail if you don’t analyse and learn from your failures. Failure needs to be another data point from which to learn, hypothesise and move forward on the road to success.



TL:DR –
Dos and don'ts

8

If you managed to read the whole paper, thank you so much for your attention.

If you didn’t, then this section will give you a quick overview of some of the top do’s and don’ts contained in the main body of this paper.

The Dos

- Create plans – these will help to keep you on track and avoid any nasty surprises
- Prepare yourself for some hard work – recessions are not easy, but they can lead you to do some of your best work
- Work out early if your digital marketing will be defensive or offensive, and fold this into your plans
- Do continue to take risks, but ensure that they are calculated and have mitigation around them
- Strive to qualify and quantify all of the value points in the customer journey
- Conduct activity viability assessments before spending time and budget
- Have a detailed understanding of and closely monitor your digital performance numbers
- Know your customer - understand the customer journey and how each piece of digital fits into it
- Be honest about where you stand with the customer
- Optimise everything – efficiency is so important through a recession

The Don'ts

- Drown in the bureaucracy – documenting plans and channel roadmaps are a good idea but make these quick and straightforward, do not over-labour them
- Forget to continue to delight your customers; this could be a real differentiator
- Sit back and let those functional inefficiencies remain – redundant meetings and work that adds no value need to be thrown out and replaced with useful work
- Stop innovating – innovation is a crucial ingredient for agility and will help you stay relevant through shifting customer needs
- Be afraid of failing – do it quickly, analyse it and learn from it
- Forget to plan for the inevitable recovery – it's possible to cut back so much that you cannot react to the recovery

Research sources

9

There were many invaluable reference sources covering a wide range of topics that were consulted as part of putting this white paper together.
All of these are well worth a read if you have the time!

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