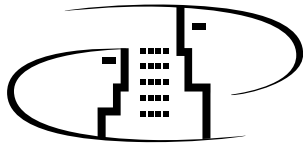


Special Edition White Paper:

Economic Development Marketing in the Current Recession

Why smart municipalities are ramping up their
communications in 2009



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Like any other organization, municipalities are looking at their marketing strategies through the lens of difficult economic times. Because economic development professionals are the ones tasked with stimulating growth during these times, we face a particularly unique challenge: We must balance the need for continued communications to foster development with the fiscal reality of limited funds, not to mention the scrutiny that accompanies marketing spending when budgets are lean.

This special edition white paper will examine the issue of marketing in a difficult economy, and will outline five actions that economic development professionals can take to do more with fewer marketing dollars.

Why Should We Market in Difficult Economic Times?

As consumers hunker down to weather the economic storm, many companies are turning to cost-cutting measures. It's no surprise that monies allocated to marketing and advertising are often the first to be cut, but there's a strong body of research that suggests that this will have a negative impact on the company's performance outlook:

Research shows that companies that consistently advertise even during recessions perform better in the long run. A McGraw-Hill Research study looking at 600 companies from 1980 to 1985 found that those businesses which chose to maintain or raise their level of advertising expenditures during the 1981 and 1982 recession had significantly higher sales after the economy recovered. Specifically, companies that advertised aggressively during the recession

*had sales 256% higher than those that did not continue to advertise.*¹

Further, this is a unique opportunity that is not available in a healthier economy:

*As reflected in a Kellogg School of Management study, increasing advertising spending during economic expansion often yields no improvement in market share, because 80% of your competitors are also increasing their spending. Conversely, at least half of businesses reduce their advertising spend during an economic downturn, stated the Association of National Advertisers in a recent article. Businesses that maintained or increased their advertising spend during recession averaged higher sales growth during the following three years.*²

The reality is that even under the bleakest economic conditions, clients and customers don't stop making decisions. Given their own budget challenges, these decisions are likely being made with greater discernment and consideration. For economic developers, this means that dropping out of the race to promote your municipality in order to save money in the short term puts you at a disadvantage compared to peers who choose to maintain marketing and communication efforts. You must continue to communicate with your clients and stakeholders, and you must do so in a manner that demonstrates leadership and offers respite from economic worries through a clearly articulated strategy for weathering the storm together.

The Recession is an Opportunity for Economic Developers

Despite the challenges it presents, a difficult economic period also offers some unique opportunities:

In every recession, abundant opportunities are inherently rife. To simply believe that this is a generic time to step off of the playing field to warm benches or take a seat in the spectator bleachers in the hopes of emerging once again to readily have a shot at winning the game is illogical. This is your time to vault in front of your competition, to earn rapid and sweeping visibility, for a fraction of the time and money that was required to excel during the “good days.” ³

Municipalities will cluster in two camps when it comes to marketing and communications spending when budgets are tight. One camp will view it as a cost. These municipalities will argue that marketing is a superfluous expense when compared to other essential items in the budget. That businesses are staying put and holding off on expansion, or worse – cutting back, so marketing at a time like this serves no purpose. That spending money now is fiscally irresponsible.

The second camp will take an entirely different view. They will see an opportunity to penetrate a marketplace with less competition for share of voice from other municipalities. They will see a chance to position themselves as a leader in supporting local businesses and showing site selectors and potential new clients how their municipality is responding to the challenge. These municipalities understand that silence on the communications front is the last thing clients and stakeholders need

from their economic development office. They are looking for leadership, for support and for answers. How will you provide them if you are not letting people know what you are doing to foster growth and development?

Decision makers are still very much in tune with the messages coming out of your community. Even if they are not acting now, they are watching and waiting, and it will be the municipalities that continue to reach out to them that will have the advantage when the upswing begins. Marketing now is not a cost. It is an investment that will put your municipality ahead of the pack when it counts.

Advice for Economic Development Marketers in a Recession

1. Your message should reflect the times

Now is not the time for being trite, but we must also be mindful of too much doom and gloom in our messaging. Promote what your community is doing to be proactive, to foster growth, to help existing businesses, to ensure people are being trained and working... in short, give people a sense of control and security in uncertain times. If you are lucky enough to be a centre of low cost business operations or affordable housing this is the time to promote it. If you are offering incentives and assistance to stimulate growth, it's not doing any good unless you are telling people about it. Tailor your message to the times, but don't lose sight of your community's overall brand.

2. Working responsibly with a leaner budget

If you are looking at reduced budgets in 2009, there are some steps you can take to maximize those dollars.

Consider electronic communications

Why not communicate with your stakeholders electronically? Not only are email campaigns and web-based efforts directly measurable, but you also reduce costs incurred for printing and mailing.

Publications and other advertising sources are feeling the pinch too

A slow economy also puts pressure on publications and websites that you purchase advertising from. The same may be true of sponsorships and trade show fees.

According to Wharton marketing professor Leonard Lodish, with demand slack for advertising services, the cost of these services goes down, making advertising expenditures all the more defensible in a bad business climate. "If your company has something to say that is relevant in this environment, it's going to be more efficient to say it now than to say it in better times," says Lodish. ⁴

Seek out partnerships

Are there government funding programs or other economic stimulus initiatives that you can tap into to supplement your budget? Similarly, are there organizations within your community, or neighboring municipalities within your region, that would benefit from shared messaging and shared costs? Generate a list of potential partners with similar marketing goals. Chances are, they are also seeking ways to do more with less.

3. Scale back: Do a few things really well

It is tempting to try to stay the course and try to deliver on all the ambitions we had before our current economic reality set in. We may be hesitant to scale back on what we have delivered to our stakeholders in the past, but trying to "do it all" with a reduced budget will only result in lower quality across the breadth of our deliverables. Prioritizing the things we can do really well, and shelving the things we can't, is one of the most difficult exercises we will have to undertake, but it is a necessary one given the current climate.

4. Publicity and thought leadership

Advertising costs money. Publicity doesn't have to. Now is the time to launch a full-scale outreach program. Whether you are issuing regular news releases about your municipality's response to the current recession or authoring thought leadership articles for economic development and site selection publications, you are guaranteeing low-cost exposure for your community. The economy is obviously very topical right now, so if you have a unique story to tell your chances of receiving some coverage are excellent.

5. Communicate in your own backyard first

Now is the time to foster goodwill and rally the troops in your own community. Marketing dollars that reinforce your support services and business-friendly offerings for current clients are dollars well spent right now. Supporting and retaining your local companies will pay dividends when they are back in spending and expansion mode. Further, your efforts to communicate regularly and respond to their needs during a challenging time will create champions who will act as ambassadors to their peer networks further a field.

In Summary

Marketing in a recession presents its share of challenges, but it also presents opportunities for municipalities that are prepared to think creatively and go after them. While others are slashing marketing budgets, smart municipalities know that communication is even more important during difficult economic times. Our stakeholders are looking to us for leadership. If we approach our communications efforts with this in mind, then we can capture the attention of those we need to reach much more easily than we could in a healthier economy. Now is the time to be proactive and to continue to communicate what we are doing to stimulate growth. When the upswing begins, it's these municipalities that will hit the ground running. And it's hard to put a price on that.

About the Author

On Three Communication Design Inc. is a creative agency specializing in promoting places not products. For more information and insight, visit them at www.onthree.ca or read the blog at <http://blog.onthree.ca>.

Endnotes

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EDAC is pleased to announce a new service for our members to support your communications activities.

Over the next year, EDAC will release a series of six white papers that explore current issues in marketing and communication as they relate to economic development.

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