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6 REASONS TO CONTINUE ADVERTISING DURING A RECESSION

Thirteen years on from the Global Financial Crisis, the world has been hit by another world shaking event. And while New Zealand is still coming to grips with the fallout of closing down the economy and going into lockdown, spending on advertising can seem like the last item on the mind of Kiwi business owners fearful of a recession. During a downturn or period of uncertainty, prioritising hard costs and delaying spending are among the first understandable tactics businesses will take.

**“WHEN TIMES ARE GOOD YOU SHOULD ADVERTISE.
WHEN TIMES ARE BAD YOU MUST ADVERTISE”**

- UNKNOWN

1. History has shown advertising during a downturn works.

According to a report quoted by Forbes magazine, during six significantly unstable global periods from the 1920s to the 1990s, companies that cut back on advertising during downturns lagged behind those that didn't. In a 1985 study of 600 businesses, sales grew 275 percent more for those who aggressively advertised. And in 2009, Amazon sales grew by 28 percent following the Global Financial Crisis – largely attributed to them continuing to push on with the release of their game-changing Kindle.

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**“STOPPING ADVERTISING TO
SAVE MONEY IS LIKE STOPPING
YOUR WATCH TO SAVE TIME”**

- HENRY FORD



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2. Your business could gain a competitive edge.

Businesses have limited advertising budgets – and your competition may be more nervous than you about spending it. By advertising when others are holding back their dollars, you could gain a competitive edge. Whether you are continuing to operate now, or gearing up for restrictions to be lifted, your services or products will still be needed – so the right time could be now to get your message out before others do.



**“I WAS ASKED WHAT I THOUGHT ABOUT THE RECESSION.
I THOUGHT ABOUT IT AND DECIDED NOT TO TAKE PART”**

**- WAL-MART FOUNDER SAM WALTON, ON THE US GIANT'S 40 PERCENT SALES
INCREASE DURING THE 1990S ECONOMIC DOWNTURN**

3. It's a way to prepare for the longer-term.

Though Kiwis may be nervous to part with cash right now, a look into recession psychology by the Harvard Business Review in 2009 showed that consumers tend to take a long-term positive approach during a slump, knowing that they will spend again some time in the future. Though sales might not go through the roof just yet, advertising during a quiet time can allow a business to rethink its messaging – and cut through the usual clutter, building competitive brand awareness and trust. When customers do spend again you'll be front of mind, and therefore their first point of call. You'll also have solidified your customer base.



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**“AS SURE AS THE SPRING WILL FOLLOW THE WINTER,
PROSPERITY AND ECONOMIC GROWTH WILL
FOLLOW RECESSION”**

- BO BENNETT

4. Advertising during a slump shows brand stability.

Rather than becoming invisible, advertising during a market downturn can portray business stability and instill confidence. An American Business Media report summarised a number of studies on advertising during market downturns, which found that it not only rewards aggressive advertisers by protecting and enhancing their market position but also illustrates corporate stability. Being visible during a downturn will show your business is strong enough to survive.

**“RECESSION IS OPPORTUNITY IN
WOLF’S CLOTHING.”**

- ROBIN SHARMA



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5. You could grow market share through earning valuable trust.

Though New Zealand is in uncharted territory with our lockdown and essential business operating levels, all recessions have shared ingredients for marketing success, the Harvard Business Review reports. Clever advertising and 'shiny' products may be less likely to increase sales in a downturn as priorities shift for consumers. Having a disposable income, feeling optimistic about the future – and trusting in businesses is vital to people in a new 'normal', so choosing where to advertise your business is an important consideration. According to a recent survey of 25,000 people in 30 countries by data insight company Kantar, national media is four times more likely to be trusted than social media, such as Facebook.

**“THERE IS NO SUCH THING AS A
PERMANENT ADVERTISING SUCCESS”**

- LEO BURNETT

6. Consumers expect brands to 'do their part' during Covid-19 and beyond.

During a market downturn, people need messages of positivity, and stability. A recent “Trust Barometer” released by communications giant Edelman showed consumers wanted brands to protect their employees, work with governments and use resources to help solve problems during the crisis. Any Kiwi brand or small business able to show they are continuing against all odds to deliver a service or product and keep people working will earn high regard – but they'll be remembered even more for what they're doing. If you have a good story, now's the time to tell it.



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HALE ADVERTISING

Email: Murray@hleadvertising.co.nz

Phone: 021 330 111

Website: www.radioadvertising.co.nz



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