

MARKETING THROUGH DIFFICULT TIMES

**Best Practices of Companies that Found
Ways to Prosper During the Great Recession**



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Executive Summary

By many measures the Great Recession was the worst economic downturn experienced in the United States since the Great Depression of the 1930s. Though the recession was officially declared to have ended in 2009, the recovery has been sluggish and there are serious doubts as to whether it will continue. In short, business and consumers operate, now and for the foreseeable future, in an environment profoundly shaped by the economic collapse of the late-2000's.

This presented many marketing executives with the most challenging macro environment of their careers. To gauge the impact on their marketing decisions, and to understand the practices of firms that performed well in spite of the difficult economic environment, Kotler Marketing Group surveyed the marketing leadership of 190 Fortune 1000 companies.

This report presents the results of the study, conducted in 2010 through 2011.

The study offers a prescription for companies seeking to guide their marketing investment and decision-making during difficult times.

The key findings were:

General Trends

- The majority of CMOs said their companies maintained or even increased resource allocation to a set of core marketing activities. Among the initiatives at the top of their agendas were increasing product line profitability, expanding online marketing and emphasizing strategic account management.
- Online and digital marketing efforts continued to grow in importance during the Great Recession. Indeed, because of the many options with low cost barriers, the Great Recession seems to have encouraged firms to experiment and invest in this rapidly evolving area.
- The continued emphasis on a broad range of marketing activities was accompanied by significant reductions in marketing personnel. In short, firms have sought to do more with less.
- The “doing more with less” approach was coupled with a relative privileging of efforts that promise short term payoffs and have a clear and direct impact on the bottom-line. Though understandable in light of economic circumstances, this development raises concerns about long-term sustainability and effectiveness.

High-Performing vs Low-Performing Firms

- The study examined the marketing approaches of high- versus low-performing firms – as defined by their sales-growth relative to industry peers – and found significant differences.
- Overall, high-performing firms were distinguished by a greater commitment to a broad range of marketing initiatives during the Great Recession.
- Low-performing firms cut marketing staff levels significantly more than high-performers did.
- High-performing firms exhibit more characteristics of a strong marketing culture than do low-performing firms.

The full report includes detailed results for the 20 marketing areas and initiatives covered in the study. Areas showing the greatest differences between high- and low-performing firms are discussed in detail. Other focus areas include digital marketing, and the roles of marketing culture, employee morale, and training.

Breakdowns of the marketing-initiatives findings are provided for 11 industries, as listed in the Table of Contents below.



Methodology

We began our study by conducting in-depth, qualitative interviews with senior marketing executives from a cross section of industries and sizes of companies. Prior research on the impact of marketing investments during recessionary periods was also reviewed.

We used these interviews and the literature review to create hypotheses which were then tested using a detailed structured survey. The survey was sent to a list of Fortune 1000 marketing executives. The survey was in the field during the first half of 2011 and yielded responses from 190 senior marketing and general management executives.

As the distinction between high and low-performing firms is fundamental to the findings presented in this report, it merits detailed consideration here. Survey respondents were asked to rate their firm's sales growth relative to their industry. High-performing firms were defined as those that reported sales growth that exceeded the industry average; low-performing firms were defined as those that reported sales growth equal to or below the industry average. It is natural to be skeptical of the accuracy of such self assessments. To verify the results, we looked up public records of 50 of the companies in our sample, comparing their actual change in sales to relevant industry averages. We found that the self reported data were reliable, with no significant bias.

We followed up our analysis of survey responses with presentations of, and in-depth discussions about, our findings with senior marketing and general management executives.

We report our findings as a combination of statistically significant survey results and the explanatory comments from our in-depth discussions.



About the Authors

About Kotler Marketing Group

Kotler Marketing Group is a global consulting, research and training firm, specializing in solving sales and marketing challenges. Our philosophy is based on the work of Dr. Philip Kotler of the Northwestern University Kellogg School of Management. Dr. Kotler is widely regarded as one of the world's leading strategic marketers. For more on Kotler Marketing Group, please go to www.kotlermarketing.com

