

Crisis, recession, brand?

Why context thinking promises good solutions, especially in times of crisis

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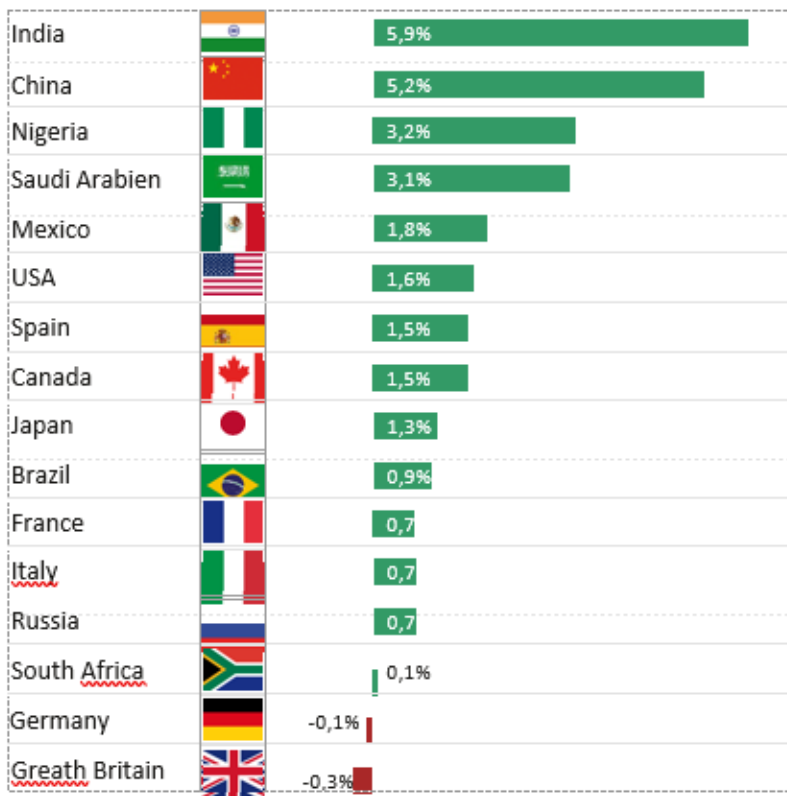
The outlook for the German economy is anything but rosy: Germany is very far ahead internationally in terms of inflation, energy costs, the tax burden and the share of social spending in government expenditure. These are all factors that restrict both state investment opportunities and the international competitiveness of the economy - which, in turn, is a major challenge for the German economy.

does not allow for an optimistic forecast for the coming years. But we're not alone in this? More like it. If we compare ourselves internationally, only the UK is weaker than Germany thanks to Brexit. Even sanctioned Russia is well ahead of us. That's according to the latest IMF forecast (International Monetary Fund, April 2023). Only a weak recession of 0.1 % is still forecast. The

Strengthening economic competitiveness currently appears to be categorised as less urgent alongside many other pressing problems and this could lead to further economic downturns. Before an additional (economic) turnaround is recognised as necessary.

Dark Entries - But Don't Go Dark!

Abb. 1: IMF growth forecast for selected countries (April 2023)



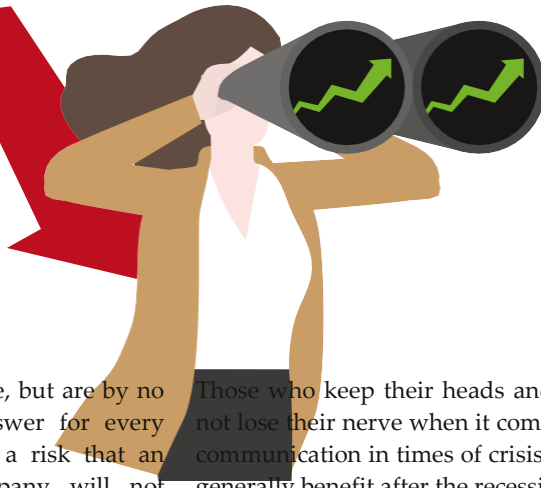
An unusual situation for Germany, which is used to success. For many companies, however, it is already familiar from the years of pandemic measures. Where many had hoped, that safe shores can be reached again disillusionment is setting in in many places. The record figures for company bankruptcies in the first quarter of 2023, particularly in the coronavirus-damaged retail sector area, make people sit up and take

We are extremely sorry to begin a technical article in a less cheerful tone. But the exact context is for solid recommendations for ction. fundamental.

Recessions change the economy which means that some sectors suffer greatly, others only a little affected, and there a r e even some fit from crises. The economic changes sectors are victims or beneficiaries.

There is a very old motto for recessions, which says: Don't go dark. Stay visible to your target group! It's like all rules,

Photo: kora_sun-



They have a true core, but are by no means the right answer for every occasion. If there is a risk that an industry or a company will not recover after the recession, for example because the recession has accelerated the erosion process that already existed beforehand, then it is important to consider very carefully whether it is still worth investing money in brand communication in order to strengthen a supposed future viability. Or whether, with such limited growth opportunities, it is not more expedient to engage in short-term sales marketing in order to hopefully generate budgets for new business concepts.

If, on the other hand, your own industry appears to be comparatively crisis-proof, similar to FMCG during the pandemic, then it is advisable not to reduce budgets already planned for communication. It is true that no particular growth is to be expected during the recession. However, experience shows that that in the event of later

market growth, sales of brands with high visibility are growing particularly strongly (Fig. 2).

Experience has shown that recessions also offer opportunities to purchase media services more favourably. This is because many managers almost reflexively decide to significantly reduce communication budgets. On the other hand, when advertising expenditure decreases, offensive branded companies have the opportunity to maintain their own share of voice at more favourable costs or, even better, to produce a significant increase in share of voice with the existing budget. When the first green shoots of growth become visible, the growth of active players will be significantly better than that of invisible competitors. So if you want to keep a cool

Those who keep their heads and do not lose their nerve when it comes to communication in times of crisis will generally benefit after the recession.

Be Aware and Distinctive!

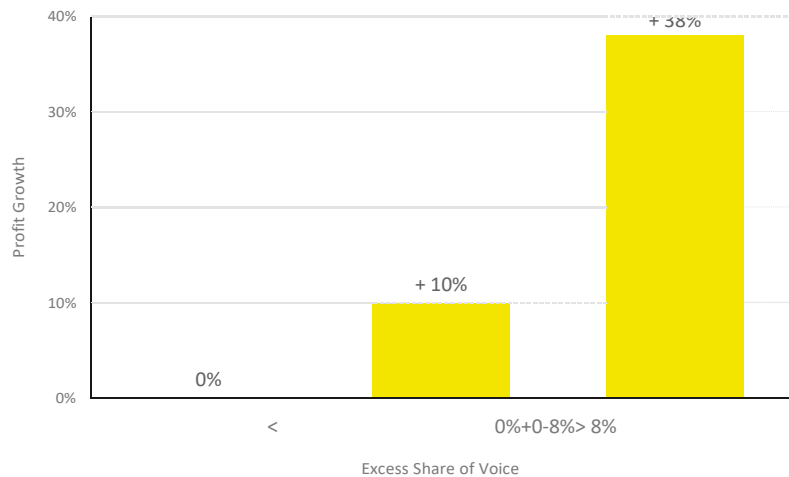
We are currently seeing in our studies how brands that have held back in terms of communication for some time during the pandemic have suffered surprisingly heavy losses in brand sal- ence. Even with market leaders, many buyers no longer remember their advertising. They still buy out of habit, but can no longer tell us much about brand messages or brand assets. Bad prospects for good branding!

Of course, most companies want (or need) to make savings during a recession. However, it is crucial to do this as selectively and strategically as possible: Increasing the efficiency of company processes, the famous

'fat', but continue to prioritise the sustainability of the brand. If people are buying less organic food during the recession, as is currently the case in Germany, then it will hardly be possible to change this through communication alone. However, it could be strategically considered whether physical availability could be expanded. So that there is a better chance of actually meeting the remaining buyers at the moment of purchase.

We know that many people have to adapt their purchasing behaviour during the recession, get used to the new experiences and do not simply return to previous behavioural routines when the upturn comes later. The bankruptcies in the retail sector show all too clearly that online shoppers are not happily flocking to the high street again. However, just saving money and not being present as a brand at all in times of inflation is not an effective and encouraging strategy.

Fig. 2: Growth effects after the 2008 crisis taking into account communication expenditure during the crisis



Source: Advertising in Recession, Peter Field (2021)

As context thinkers, what do we recommend for brand communication in times of crisis?

1. Keep the memory of brands alive!

We humans behave fundamentally differently than marketers would like us to. Many hope that brand awareness and the associated brand attributes control brand preference, even in the purchasing situation. But that's not how human memory works! An example that most readers can relate to: Marketing usually wants to know which brands shoppers think of in the category and asks: "Which brands do you recognise when you think of sparkling wine?" However, we don't think of brands because we think of the sparkling wine category, but we think of different brands depending on the context of use for the sparkling wine. The planned use activates the customer's memory and our memory provides us with what has proven itself for this context of use from our life experience. Different champagne brands for a girls' night out than for an important anniversary celebration or an aperitif with friends.



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2. Communicate contexts instead of just pure emotions!

The first thing to consider is not what can be optimised in terms of the emotional positioning of a brand, but how it can position itself even better in the everyday lives of its buyers. Changing behaviour and the current concerns of consumers offer an excellent opportunity for a strategic realignment of product positioning and brand communication. What can a brand do to ensure that it has the best offer for a particular occasion, even in times of crisis? It is often worth addressing the context precisely instead of generically spreading good but also interchangeable emotions. As concrete as possible! For example, if a lack of social proximity is experienced, celebrate a Friends Friday or a Joy Friday with a brand. Always on Fridays, our brain remembers that well.

3. Consistent brand attitude before price reductions!

Do not allow inflation to eat away at margins. And above all, resist the reflex to cut prices in the short term.



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slightly more quantity, but without selling the pro- fit. Research shows that buyers are more sensitive during the recession and are suddenly bothered by the normal price after the promotion. TV beers in particular, which for years only found their way to consumers during the promotion, find it particularly difficult to cope with price increases without losing sales.

But beware: recession is also not a fertile field for over-proportional purpose. Buyers' concerns are now even more self-centred. We may continue to display socially beneficial attitudes, but the priority is now clearly on ourselves and our close environment! The fact that many consumers are already foregoing organic products in times of crisis speaks for itself: now is not the time for expensive weekly purchases! This applies to most segments and brands. Anyone currently selling heat pumps can probably score points with Purpose, at least with some buyers under the current circumstances. The price pain is lessened, as you are visibly one of the good guys - as long as there is no need for costly renovations.

4. Boldly continue and communicate with WOW!

And last but not least: Switch on the turbo in your brand communication! Find a realisation with a wow effect, i.e. something that will amaze potential buyers. There is currently too much negative news coming at us: About war, strikes, inflation, electricity price capri- oles, housing shortages, Taiwan ... So not only do you have to assert yourself against other advertisers, you also have to fight for the attention of your audience. Without attention, communication is weak. So let your buyers marvel a little more and show them in which context your brand is simply the better choice.