

Why Strategic Brand Management assumes even more relevance during economic downturn and recession.

from Asha Sampath

Brand drivers are bound to get rather complex during economic downturn and recessionary phases. This is because of the sensitivities created by the competitive landscape and market dynamics that tend to create price war and sometimes even result in cut throat competition amongst players. This is a situation that will render customers in a phase of introspection and critical evaluation of value for money spent before making purchase decisions. Consumer behaviour therefore becomes unpredictable.

From a business perspective, brands have two options in such situations. They can either be reactive and become victims of the situation by imposing cuts or ban on branding budgets. This will be the worst reaction because by doing so, they are only driving themselves away from people's minds at a crucial and opportune time. On the other hand, Brands can be proactive and use situations as a great opportunity to their advantage. Thereby they don't just preserve, but enhance the brand reach.

Why is it so critical to stay invested in Brand Management during recessionary trends and downturns!

- Products tend to become commodities as functionality replaces blind faith in Brands.
- Customers tend to become more price sensitive and less Brand conscious, due to tightening of wallets.
- Search engines become choice engines, so to say. This is true more so of a B2B segment, where there are multiple purchase points across a value chain.

Here are some of the things that businesses can do right under such situations –

- Clearly not fall into the trap of price war but sustain prices in a range and stay distinct as a niche player.
- Strengthen perceptions on professional pricing through strategic brand positioning.
- Use Business process reengineering and lean management concepts to achieve a backward integration of margins across all elements in value chain. This will help to make product offering more competitive for themselves and for customers.
- This is also a great opportunity to research consumer insights more deeply and gather reliable and useful information about which brands or products in the market are resilient and possess sustainable value. These findings can then be effectively used in the ongoing Brand strategy to achieve clear Customer Value proposition.

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These are only some of the effective strategies that Brands can adopt to use the recessionary phase to their advantage. But none of these would be possible if Branding spends do not find a place in the budget which is even more crucial during these phases. Branding budgets are absolutely essential even just to stay afloat and retain market share, let alone increase market share and margins.

Businesses that can visualize the long-term benefits of staying invested in Brand Management during these difficult situations would clearly foresee the benefits that would accrue in medium and long term. Brands that are successful in creating a lasting and consumer driven experience during difficult times would reap benefits of that investment through viral marketing that would be generated in future, merely by word of mouth. It is important to remember that cost of regaining lost customers is always a huge multiple of cost of maintaining them.

About the Author:



Asha Sampath is Founder and Head of Growth and Brand Strategy Practice at Brandhorizon, a leading Digital Branding Solutions Company in India. She leverages over twenty years of rich experience and skills in General Management, Branding/Marketing and Finance Management. She integrates her in-depth knowledge and functional expertise in international businesses, in tailoring Brandhorizon and its services to help transform businesses using innovation needed in today's dynamic and fast paced global marketplace.

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#Brandhorizon is an International Brand and Marketing Consultancy firm that offers Strategic Brand Consultancy and helps you to effectively utilize your limited budgets to strengthen your brands strategically, using Consumer Insights and Customer Experience Journey.

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