

ADVERTISING ON THE **E**

D
G
E



The
Economist

In a recession, **budgets get**



Why do clients do this?

Because it's **easy.**

The word 'easy.' is rendered in a large, bold, black serif font. It is surrounded by intricate, black, swirling lines and flourishes that extend across the frame, creating a sense of movement and elegance. The word 'Because it's' is in a smaller, red, sans-serif font to the left of 'easy.'

"When you say we need to save X million, the easiest, immediate place to get it is marketing. It is unspent and uncommitted."

– Neil Sussman, Marketing Director, De Beers Diamond Jewellers

and because it's
a good
SHORT-TERM
FIX...



There is a sentiment that marketing spend can always be increased again later, without any lasting damage.

**As you might
expect:**

we don't think this is a good idea.

you might not
expect:

your clients don't think so either.

Why?

REASON 1:

Beacuse marketing is a part of
the ***solution***,
not the problem.

REASON 1: *Marketing is key*

79%

believe

*marketing is no longer dispensable.
It is a **key part** of the business plan.*

*Source: Advertising on the edge
Economist Intelligence Unit survey conducted on behalf of The Economist Group*

REASON 1: *Marketing is key*

Marketing is seen as more of a solution to help survive a recession than a budget line to cut.

Strategy first: we set our advertising strategy to take advantage of opportunities in the downturn, then try to come up with a budget to achieve the strategy

61%

Budget first: we reduce our budget, then come up with the strategy to do the most we can with that budget

27%

N/A don't know

12%

*Source: Advertising on the edge
Economist Intelligence Unit survey conducted on behalf of The Economist Group*

REASON 2: *because what you* ***sacrifice*** *now,*

you pay for later.

REASON 2: *Short term benefit, long-term risk*

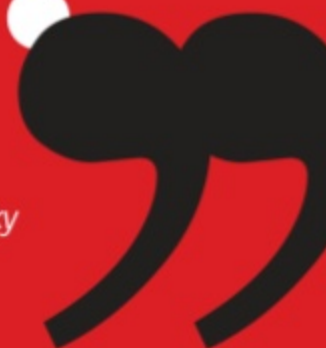


If I stop advertising for two months,
sales won't drop, but they will be hit
three or four months down the line.

People tend to make this mistake in a recession.

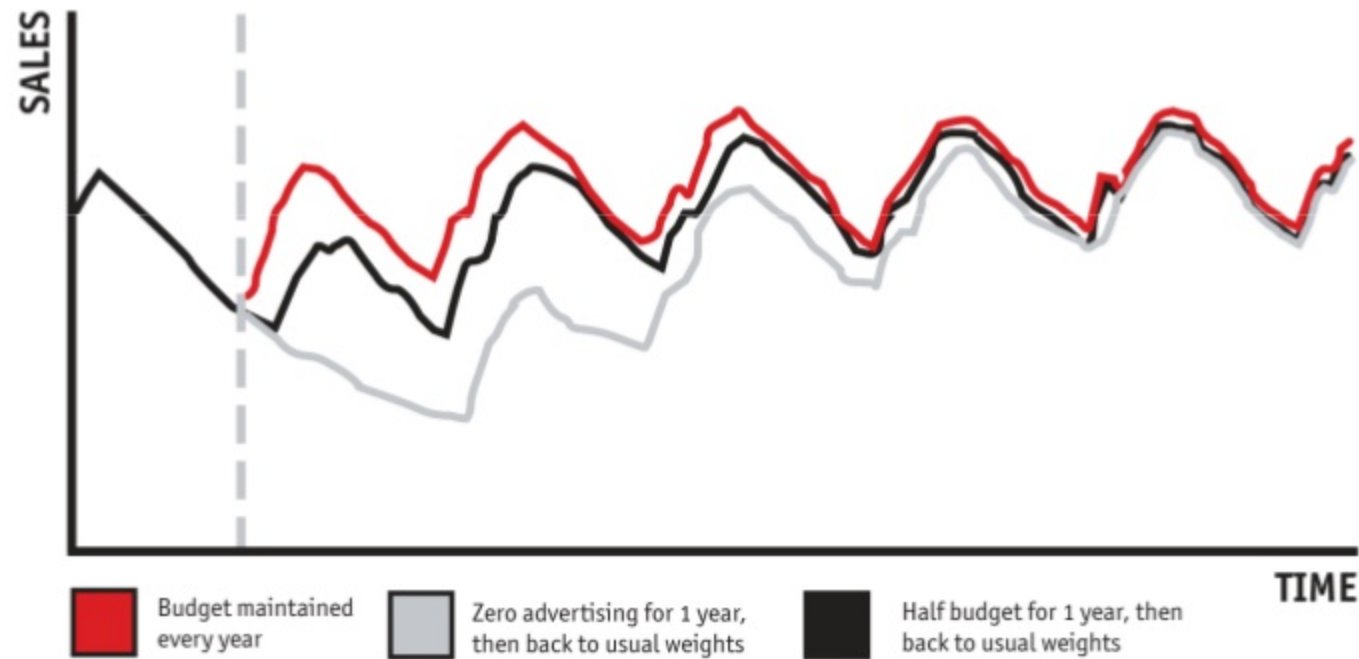
**IT IS THE WRONG
TIME TO CUT.**

– Vikram Mehra, CMO, Tata Sky



REASON 2: *Short term benefit, long-term risk*

Long term case history



	BUDGET SAVED	SALES FOREGONE	PROFIT FOREGONE	BOTTOM-LINE LOSS	TIME TO RECOVER
Zero budget year 1	£1.8m	£8.6m	£3.5m	£1.7m	5 years
Half budget year 1	£0.9m	£4.3m	£1.7m	£0.8m	3 years

ROI defined as the increments revenue generated from advertising per unit of spend

REASON 2: *Short term benefit, long-term risk*

"If you turn off the engines of a plane flying at 36,000 ft, it does not drop out of the sky. Indeed, as far as the pilot and passengers are concerned, life continues as normal with the plane only very gradually losing altitude.

It's exactly the same with brands.."

– Moray MacLennan, *How to get ahead in a recession*,
IPA President, Chairman M&C Saatchi Europe



REASON 3:

it can do serious

Damage 
TO A BRAND.

REASON 3: *brand protection*



We will be investing in

brand-building

consistently for the downturn.



– Neil Sussman, Marketing Director, De Beers Diamond Jewellers

BRAND STRENGTH

Value to consumers is not
based on price alone.

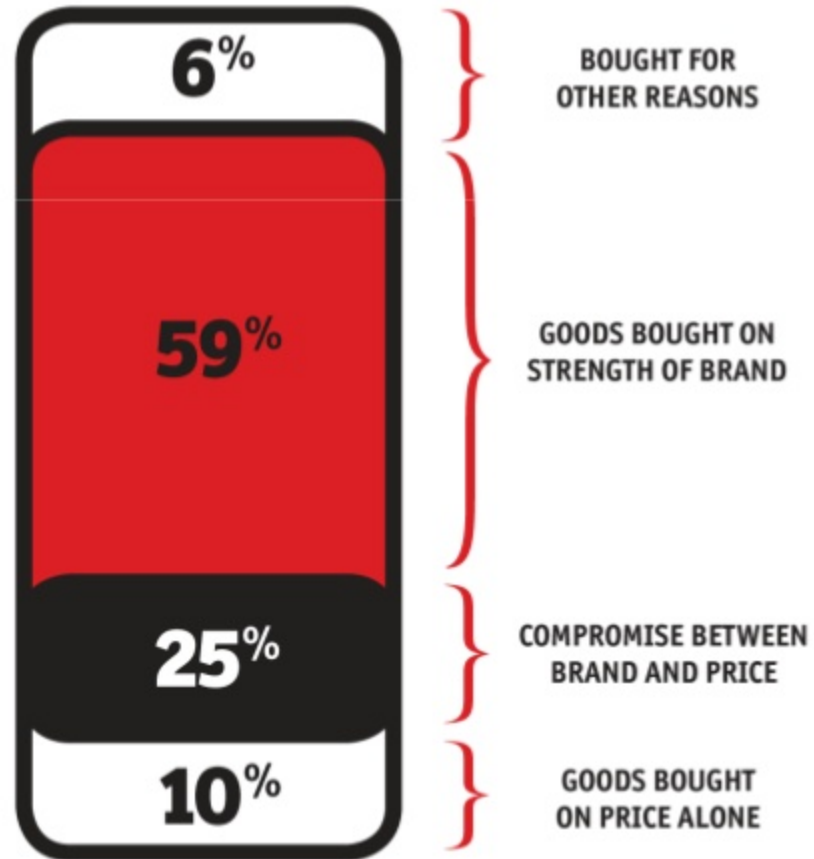
REASON 3: *brand protection*



Source: Milward Brown, BRANDZ UK 2007, 33 categories, 500+ brands, 6,000+ consumers

BRAND STRENGTH

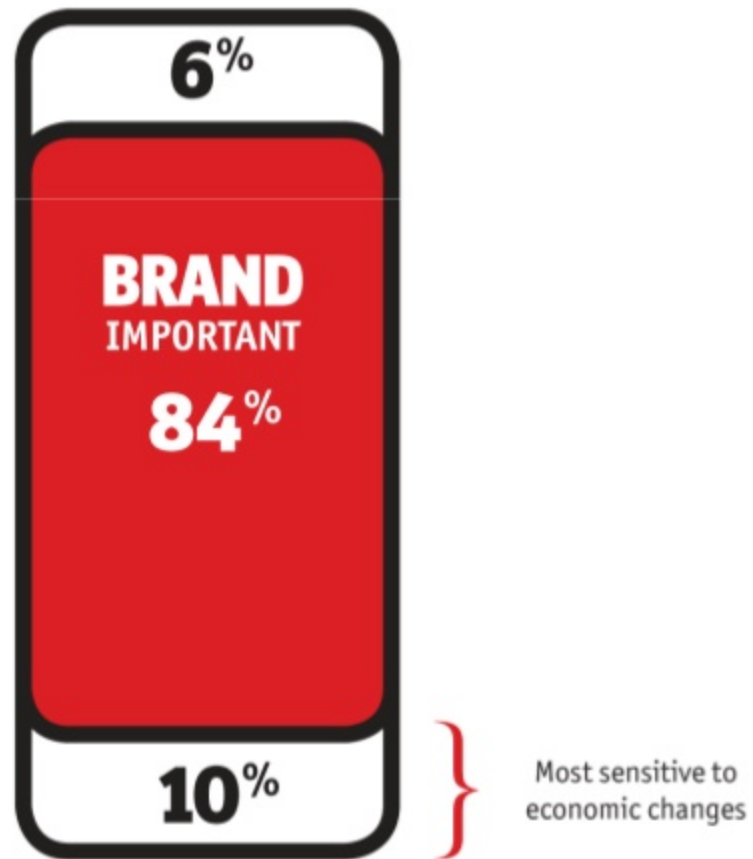
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