

3 key tips for any marketing budget during the COVID-19 pandemic

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The pandemic is taking its toll on business and now recession looms. Brand marketing is essential for businesses to flourish post-COVID, state experts Dr Omar Merlo and Dr Andreas Eisingerich, Co-Academic Directors of the MSc Strategic Marketing (online, part-time) programme (<https://www.imperial.ac.uk/business-school/programmes/msc-strategic-marketing/study-mode-online/>) at Imperial College Business School.

“Many businesses have had to assess how to survive while consumers are spending less. A question that’s often asked during an economic slump is where to make cuts. Misguidedly, marketing is often first on the chopping block,” says Merlo.

Merlo and Eisingerich outline three ways business leaders can optimise spending during the pandemic:

1. Avoid cutting the marketing budget

In March, a study by Marketing Week and Econsultancy of 900 UK brand managers showed more than half were delaying or reviewing their marketing campaigns.

But cuts for short-term benefit can have dangerous outcomes. Maintaining marketing spending at pre-COVID-19 levels may be the only way to survive, and even gain market share from cautious competitors. A business that spends wisely can succeed as communication clutter decreases, advertising cost drops, and share of voice increases. And it can stay ahead; research shows advertising aggressively in tough economic times increases sales as well as profits.

During the 2008 financial crisis, Audi’s decision to increase its marketing spend while other car makers were more cautious elevated the car maker from a niche brand to a global leader.

2. Use a “sniper” instead of a “shotgun” approach to cost cutting

If spending adjustments are unavoidable, indiscriminate cuts across the board should be avoided, as they can destroy value in the long term.

Coronavirus has affected demand for most products and services, reducing it for most, and creating two polarised opposites in others; first, industries that have experienced a huge drop in demand, like travel and leisure, and second, those that have seen an enormous spike, such as online groceries.

In either case, budget cuts can be attractive, whether due to lack of resources or for fear of creating demand above capacity – but companies should ultimately focus on protecting long-term spending.

3. Budget for innovation

After the 2008 recession, Amazon grew by 28%. This was partly down to innovative new products, such as the Kindle and e-books, which cemented Amazon in the minds of customers as an innovator that introduced a

lower-cost alternative to traditional books at a time when they most needed one.

This is probably not the time for radical innovation and risky endeavours, but for relatively simple customer-centric differentiation. Brands should try to understand what customers need most and what problems they can solve for them with a view to winning customer loyalty in the long term.

These insights come from the lessons of Merlo and Eisingerich on the MSc Strategic Marketing (online, part-time) programme at Imperial College Business School, designed for ambitious graduates and motivated early-career professionals to level-up and solve the marketing challenges of tomorrow.

For more information or to speak with Merlo or Eisingerich, please contact Stephanie Mullins at BlueSky Education on +44 (0)7983983988 or email smullins@bluesky-pr.com