



# Marketing solutions for the cash-starved business

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If you are a manufacturing or services company particularly sensitive to variability in cash flow, what are your marketing options to thrive, or at least survive, an economic downturn?

I'm assuming you have cut – or are cutting – your marketing budget to conserve cash. But before you do, consider: If your competitors are cutting back on their customer acquisition efforts, is this the opportunity you've been waiting for? Is this the time to STRIKE and gain marketshare? In any event, challenging times demand that we become smarter, faster, and leaner. Here are a few practical options to help you conserve cash, jump-start sales and improve the effectiveness of your precious marketing dollars.

- 1) **Re-define your marketing strategy in terms of cash-flow.** If your sales are declining, you probably can't abandon marketing and advertising, but this is the time to re-think the cost-effectiveness of your traditional approaches.
  - Try this exercise. Pretend your marketing budget has been cut in half (if it hasn't been already!). Grab your associates and ask the team to brainstorm a new way to find customers

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in this dire circumstance. Now that you're warmed up, do the same exercise and cut the budget to zero. You may be amazed at how creative and determined your associates can be!

- Approach this exercise in another way. How do you minimize your spend to simply hold marketshare? To conserve cash what would you HAVE to spend only to maintain profitability or just retain customers? What must you do to simply match the competition?
- Cut your budget, but reallocate to concentrate on customer acquisition and retention. Using customer intelligence, sales analysis, and market assessments can help you define segments that can be most profitable in the short term.

2) **Re-position your marketing mix to conserve cash.** Are you taking advantage of the most cost-effective channels or are you just buying ads because that's what you have always done?

- Destroy marketing complacency. Conduct a ruthless examination of where you are spending your money and question every activity in terms of ROI. Does it really make sense to travel to the annual trade show this year or should you focus on more targeted, productive advertising? Consider your current marketing programs and ask yourself: "Is this moving the needle?" If the answer is no, kill it.
- For many businesses, a web-based marketing strategy produces the lowest-cost sales leads. If you have a website, is it working hard for you? Can customers even find you through search engines? Is it time to revitalize your website content or consider eCommerce solutions that attract new customers and sell more to old ones?
- While you are re-thinking your media mix, have you considered new media like pay-per-click advertising? Email marketing? Viral marketing through social networks? These channels may offer effective advertising alternatives, depending on your target market and objectives.

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- Re-negotiate current ad and promotion rates. Nobody is immune from falling prices, including the local media. In an economic downturn, it's a buyer's market. Work it.

3) **Develop low-investment market adjacencies.** An adjacency is a new service or market related to your existing business that may increase sales.

- Is there a new service you can provide related to your product? For example, if you are a website designer, can you also provide hosting services, search engine optimization, site statistics, and other useful (and profitable) services that will generate steady cash flow? If you manufacture machine tools, can you provide maintenance, design, insurance, or part inventory services?
- Are there new consumers for your existing products? Look for related markets. If you sell to schools, can you expand to day-care centers, hospitals, technical training centers? If you sell products to auto dealerships, can you sell to truck dealers, marine, or rail yards?
- Are there new products for your existing production capabilities? If your current product line is not selling, what will? Can you use your existing capital base to produce a line of products that offer greater value to meet new customer needs?
- Can you sell existing products through new channels? Internet? Direct mail? Personal selling? If you have a website but haven't optimized it for search engines such as Google or Yahoo, you are almost certainly leaving money on the table. SEO (search engine optimization) is a professional service that may provide dramatic and immediate increase in quality sales leads.

4) **Sell more to current customers.** If this recession is prompting you to look for a lifeline, don't lean too heavily on marketing tactics that require you to turn complete strangers into customers. Consumers don't engage in as much impulse buying or social shopping during a recession. That's not good news if you're

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trying to acquire new customers because people view the purchase of products and services from unfamiliar businesses as a larger risk than purchasing products from businesses they trust.

- Harvest current customers. Do you have a strategy to leverage your mailing list and re-connect with old friends? If you are doing nothing with your customer list, you may be sitting on a gold mine. Nationally, email generates \$15.50 in sales per dollar spent – more than any other channel. Impressive considering email is the least-expensive channel!
  - Squeeze more dollars out of your existing customer base by up-selling and cross-selling. If customers are only buying A, would they also be interested in B, C, and a gold-plated, super-improved, never-before-seen D?
  - Promotions and coupons. Consumer coupon use is up over 40% in 2008 yet many companies have abandoned this tried-and-true strategy. Direct marketing can be expensive, but it may also be your most effective source of sales leads in a soft economy.
  - Create an event around a new product, company milestone or new capability to get in front of your customers again.
  - Visit customers, take time to become active in a trade association, become active in the chamber of commerce. Networking is time-consuming but if your business is down, there is no better, more cost-effective way to spend your time.
- 5) **Get back to marketing basics.** If your sales are heading south, take time off from your daily hurricane to carefully think about your fundamental market strategy – or, create one for the first time.
- Do you understand your customer's needs? DEEPLY understand?
  - How do you respond to those needs in a UNIQUE way?

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- Do you understand your competitors and how they are evolving? How are they selling their product? Will it work for you? How are they faring in this economy? Is it an opportunity for you?
- How is your product or service relevant, compelling, and distinctive?
- What marketing initiatives are working or not working and why?

Without a strategy, your advertising dollars are simply buckshot spraying all over the place – it's going to take blind luck for something to hit. A solid, comprehensive marketing plan is your company's guided missile. Ensure strategies are integrated and measurable. If they aren't, you have the wrong people doing your marketing. For marketing to succeed, it must feature a strategic plan that integrates marketing tools to maximize success and that measure everything being done.

### About the author

*Mark Schaefer is Executive Director of Schaefer Marketing Solutions, a firm providing comprehensive out-sourced marketing strategy and services ([www.businessesgrow.com](http://www.businessesgrow.com)). Mark has advanced degrees in both marketing and applied behavioral sciences and more than 25 years experience in global sales, marketing, new product development, marketing communications, and eCommerce. He has developed successful growth strategies for both small businesses and Fortune 100 companies in the U.S., Europe and Asia. Mark is an award-winning business writer and has five international patents for new product and process innovations.*



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