

# AMERICAN BUSINESS MEDIA

The Association of Business Media Companies

## The Value of Advertising During an Economic Downturn

History has proven companies that maintain or increase their advertising investments in periods of economic downturns increase their sales and share of market, both during and after the downturn.

Here are the facts:

- Maintaining or increasing advertising budget levels during economic downturns may be necessary in terms of protecting market position vis-à-vis forward looking competitors.<sup>1</sup>
- If a company fails to maintain its "Share of Mind" during an economic downturn, current and future sales are jeopardized. Maintaining "Share of Mind" costs much less than rebuilding it later on.<sup>2</sup>
- If during an economic downturn you maintain a strong advertising presence while your competitor cuts his budget, you will automatically increase your "Share of Mind."<sup>3</sup>
- Advertising through both boom and down times sustains the necessary brand recognition.<sup>4</sup>
- Maintaining a company's advertising during an economic downturn will give the image of corporate stability within a chaotic business environment, and give the advertiser the chance to dominate the advertising media.<sup>5</sup>
- Economic downturns reward the aggressive advertiser and penalize the timid one.<sup>6</sup>
- During an economic downturn, a strong advertising/marketing effort enables a firm to solidify its customer base, take business away from less aggressive competitors, and position itself for future growth during the recovery.<sup>7</sup>
- When times are good, you should advertise; when times are bad, you must advertise.<sup>8</sup>
- Advertising in an economic downturn should be regarded not as a drain on profits, but as a contributor to profits.<sup>9</sup>

<sup>1</sup>*How Advertising in Recession Periods Affect Sales*, American Business Media

<sup>2</sup>Ibid

<sup>3</sup>*San Diego Executive Magazine*

<sup>4</sup>*Making A Recession Work For You*, American Business Media

<sup>5</sup>Ibid

<sup>6</sup>The Strategic Planning Institute

<sup>7</sup>Coopers & Lybrand

<sup>8</sup>*Making A Recession Work For You*, American Business Media

<sup>9</sup>*Harvard Business Review*