Abstract
Recession is a phenomenon in which the demand for products and services undergo large changes. During time periods of recession the market structure undergoes structural changes in terms of changed consumer behavior, spending patterns, value of money and marketing efforts. Organizations need to closely review all their operations, marketing strategies and techniques during the recessionary periods. In such cases marketing managers need to adapt to new marketing mix and follow new course of action to stay profitable as well as consumer responsive. Recession may affect several firms in a different manner and indicate different economic environment in terms of growth and inflation. In response to the slump in demand and marketplace market teams have their budget and resources cut back. These changes in the volatility of the market make it difficult for the marketers to decide which marketing tools and techniques to employ. This paper attempts to analyze the marketers as well as consumers perspectives in times of downturn. Thus the paper explores the marketing challenges that marketers have to face and the attitudes and strategic responses at times of recession. The present study suggests that recession calls for marketing managers to use new strategies to stimulate consumer demand.

1. Introduction
Marketing is a means of identifying and meeting needs profitably and it plays an instrumental role in retaining existing customers, as well as in attracting and winning new ones. A recession can be defined as an extended period of significant decline in economic activity including negative gross domestic product (GDP) growth, faltering confidence on the part of consumers and businesses, weakening employment, falling real incomes, and weakening sales and production. In a recession, consumers become value oriented, distributors are concerned about cash, and employees worry about their jobs. But a downturn is no time to stop spending on marketing. The key is to understand how the needs of your customers and partners change, and adapt your strategies to the new reality. The most profitable companies in a recession are typically those that delineate and
execute marketing strategies successfully, but determining which marketing strategy to adopt is not an easy task. Apart from doing nothing at all, the worst that companies can do is presume that the only way forward is to slash prices, for in doing so they are possibly neglecting the other vital elements of the marketing mix, potentially tarnishing their brand image and underestimating the importance of meeting customer needs.

2. Objectives Of The Study
   - To analyze marketer’s reactions to the recessionary pressures in terms of marketing techniques they employ.
   - To determine the challenges that marketers have to face during times of downturn for their survival.
   - To determine best suitable marketing strategies for the firms during economic stress.

3. Review Of Literature
   To weather the recession, Bonoma (1991) advises practicing marketing managers to avoid empty middle marketing, don’t mistake expansiveness for empire, do more for less and remember what winter is like when summer again comes.

   Recession has been defined in the marketing literature as a process of decreasing demand for raw materials, products and services including labour (Sharma 1978) or as a state in which the demand for the product is less than the former level (Kotler 1973). Recession calls for marketing managers to use strategies to stimulate consumer demand. Such strategies often require a redefinition of the target customers and the marketing mix. They may include narrowing the product line, offering cheaper products and quantity discounts, lowering prices, increasing promotion, and offering products directly to consumers.

   In a recession, the smallest of strategic mistakes could, however, result in a company failing quickly. The right marketing strategies therefore act as insurance against risk, making companies less vulnerable to the vicissitudes and volatility of the business and economic environment, as well as act as an aggressive marketing tool that ensures survival and unleashes potential opportunities. As Harvard Business School Professor John Quelch recently stated, “Successful companies do not abandon their marketing strategies in a recession; they adapt them.” (Harvard Business School Working Knowledge, 3rd March 2008).

   Goerne(1991) in his study reports that marketing managers have been using significantly more coupons in the promotion mix in order to fight the negative impact of promotion on sales. In view of this it is critically important that the economic environment facing their company is indeed one of recession.

4. Marketers Reactions During Times Of Recession
   At times of downturn usually companies adapt following three strategies:
I. Inertia- The contraction in demand is significant and sustained in a recession, meaning that for many companies it is simply not possible to wait out the storm. Consequently most companies are forced to react in some way. Competitive pressures increase substantially in a downturn as revenues plummet and everyone fights to maintain or grow their customer base. The companies that ultimately cannot fight hard enough fail.

II. Lowering prices- A collapse in demand can lead to price wars as markets are more price conscious and “price driven” in a recession. Lowering prices is thus a common reaction to recessionary pressures as too many suppliers chase too little demand, meaning that prices are competed down. Lowering prices is the easiest short-term means of winning sales. Lowering prices may be more of a tactic than a strategy because it is often very much a short-term course of action with price rises following as soon as possible. And it is dangerous as many companies that slash their prices have a preconceived notion of the price elasticity of their market, i.e. how sensitive the market is to price.

III. Cutting costs - In general, companies suffer a recession with a reduction in profits. Faced with squeezing profit margins, many companies are forced to cut costs in an attempt to conserve cash. Financial pressures force firms to cut costs on a wide range of investments, not only in plant closures, but also in intangibles such as marketing, training and R&D. When the economy is in a downturn, many business expenditures such as promotional, sales and market research outlays are cut first because they do not show tangible and immediate results.

5. Challenges Marketers Face During Recession
The difficulties that organisations have to face in designing, implementing or executing marketing strategies in a recession are as follows:

- Finding new ways to boost sales
- Building new business and expanding into new markets, including finding new distribution channels
- Creating and launching new products
- Budget constraints - difficulties in allocating a smaller marketing budget, inevitably resulting in limited to no investment in certain areas.
- Demand continues to drop and pressurizes pricing policies of the marketers. A further, significant challenge faced by marketers is the lack of resources and impact of restructuring in their organizations. Not only their marketing budgets slash, but marketing teams also shrunk in size, resulting in a significant decline in marketing activity. With this comes uncertainty and volatility in markets, resulting in fickle customers with a high propensity to switch suppliers and difficulties in forecasting.

6. Strategic Marketing Planning Process During Recession

I. Research the customer: Firms should learn more about how consumers are redefining value and responding to the recession.

II. Focus on family values: When economic hard times loom, people tend to retreat to a family hearth-and-home mind-set. Warm family scenes in advertising replace images of extreme sports, adventure and rugged individualism.
III. **Maintain marketing spending**: Brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times.

IV. **Adjust product portfolios**: Marketers must reforecast demand for each item in their product lines as consumer’s trade down to models that stress good value, such as cars with fewer options.

V. **Support distributors**: In uncertainty, no one wants to tie up working capital in excess inventories. Early-buy allowances, extended financing and generous return policies motivate distributors to stock your full product line. This is particularly true with unproven new products. However, now may be the time to drop your weaker distributors.

VI. **Adjust pricing tactics**: You may need to offer more temporary price promotions, reduce thresholds for quantity discounts, extend credit to long-standing customers and price smaller pack sizes more aggressively.

VII. **Stress market share**: Companies are in a battle for market share in a recession. Knowing your cost structure can ensure that any cuts or consolidation initiatives will save the most money with minimum customer impact.

VIII. **Emphasize core values**: Although most companies are making employees redundant, chief executives can cement the loyalty of those who remain by assuring employees that the company has survived difficult times before, maintaining quality.

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**7. Matching Products With Markets During Recession**

![Four marketing strategies determining which products & which markets](image)

**I. Existing Products To Existing Markets** - It is important to retain existing customers in order to ensure survival through times of adversity. The top 20% of customers in a business may generate as much as 80% of the company’s profits, half of which are lost serving the bottom 30% of unprofitable customers (Kotler and Keller, 2008). In addition to rationalising the customer base, companies should also rationalise their product lines and focus on their
core offering. Most firms have valuable assets such as certain customers, skills and an established brand identity.

II. Existing Products To New Markets - Entering new markets into which existing products can be sold – new industrial sectors or new geographical areas – offers opportunities to build cash flow, profits and market share. Expanding into new markets requires market intelligence, considerable planning and ample and sustainable resources, but the payback can be considerable, enabling a company to survive and thrive through a recession.

III. New Products To Existing Markets - Every company needs to innovate to maintain a competitive edge, which is all the more important in turbulent markets. Product development can be a costly and lengthy process, but there are means of obtaining speedier cost efficiencies in a recession, such as new product development through substitution. Substitutes allow companies to circumvent entry barriers erected by former market leaders, making the new product strategy easier, quicker and cheaper to implement in a downturn.

IV. New Products To New Markets - Companies seek to find new opportunities in new businesses either by acquisition or by Greenfield development. It is very risky, especially in a recession given that considerable investment is required (at a time when most companies want to conserve cash) and that new products take time to grow organically.

8. Pricing Strategies Of A Firm During Recession
Pricing is always important for any business, but in these hard economic times the role of pricing is crucial for a company to succeed or simply survive. When it comes to pricing, the immediate response to the economic downturn from many firms is that they cannot put up rates and may even need to provide larger discounts to some clients. Below are six ideas that firms should consider pursuing to improve pricing outcomes.

a) Analyze the financial impact of pricing on your firm
b) Ensure the firm has a strong pricing capability
c) Focus and sell value
d) Work on reducing the total cost rather than rates
e) Segment your market
f) Deliver outstanding service

A smart pricing strategy during a recession can become a competitive advantage. By knowing what value a company delivers to its customers it can price more confidently. Price cutting may lead to price wars. If cuts must be made companies should focus on cutting the prices of low value items and retaining high value products.

3.1 Usage Of Fighter Brands In Recession
A fighter brand (sometimes called a fighting brand) is a lower priced offering launched by a company to take on, and ideally take out, specific competitors that are attempting to under-price them. Unlike traditional brands that are designed with target consumers in mind, fighter brands are created specifically to combat a competitor that is threatening to take market share away from a company’s main brand.

3.2 Promotional Strategies During Recession
Time for accountable advertising:
Re-examine your current marketing initiatives and assumptions - You absolutely must know your:
• Cost per lead
• Cost per sale
• Lifetime value (LTV) of a customer

In a recession, it is more critical than ever to hold every marketing campaign accountable. That's the only way to know how one should react in a down market and get the maximum impact for every single rupee spent.

8.3 Short-sighted marketing: Re-evaluate your media
   A. Direct mail - Produce a low cost per lead or sale with this highly targeted medium even in a recession. It should be a major component of your marketing mix.
   B. Paid search - Easy paid search is dead in this recession. But the right mix of keyword strategy, powerful direct response ads and separate, dedicated landing pages with timely content will produce a very high ROI—although the numbers will be small.
   C. Email - The days of sending a sales letter via email are over. Sales hype will not work. Instead, use an information-driven, content-rich email. Remember value.
   D. TV and radio - Now is chance to renegotiate rates and retest your options, such as time of day. What worked earlier is not going to work now because the market psychology is completely different.

8.4 Harness The Power Of Integration
Stimulating word of mouth is one way to make a budget go further. Another is to harness synergies between different marketing channels. Some research studies show that the most effective campaigns mix emotionally rich, publicly consumed media like TV, direct response media like online. Getting the mix right can more than double your payback.

8.5 Emotions Are The Key To Brand Strength
The key to maintaining a profitable brand is not to offer discounts or buy one, get one free promos, but to build and maintain a strong emotional bond with customers. An analysis of nearly 880 case studies published by the World Advertising Research Centre shows that ad campaigns that focus on emotional engagement tend to be more profitable than ad campaigns that focus on rational messages (such as low prices or special offers), even when times are tough.

9. Conclusion
Recession could be a serious threat to companies, but may be converted into an opportunity. The useful strategies should be identified and implemented by firms. The principles of marketing are the same whether in good times or bad, in that marketing is all about meeting needs profitably and ensuring that the right product is in the right place and at the right price, whatever the economic environment. However, in times of adversity, the needs and behaviours of markets and their suppliers change rapidly as demand becomes stifled. Marketing is one of the first areas to be cut back in a recession and marketers need to adjust their strategies accordingly. Thus while the principles of marketing remain more or less the same, it is the practice of marketing that changes in a recession.

Bibliography


