



MEET & GREET

JAN IVERSON, Managing Editor, presents top tips on what to do when your marketing budget is cut and how PR professionals and meeting planners can fight back in an arduous market

The credit crunch, inflation and rising prices. While all of these are affecting each of us personally, their impact on business cannot be underestimated. With marketing and advertising activities traditionally the first to be cut from budgets, eliminating branding and public relations activities can result in a corresponding cut in credibility. It's a favorite target because it tends to be sizable, and can be cut without stifling revenue immediately.

While management wants to react immediately, any ill-considered elimination of marketing support can quickly translate into a disastrous drop in sales. Rather than responding hastily and arbitrarily just to show activity, Heidi Cohen, President of Riverside Marketing Strategies, recommends that an analysis be conducted of the situation to get a better understanding of the best business alternatives. This will help to redirect the marketing budget to maximize results.

DETERMINE THE BUSINESS SITUATION

Before making any decisions about how to reallocate marketing dollars, it's critical to understand business performance results in relation

to marketing efforts. For starters: analyze performance to date; track marketing results against actual past performance indicators rather than budget; see how current trends may be changing relative to last year and recent months and weeks; go beyond top line revenue and expense indicators to understand what is driving performance in terms of individual products, brands and price points; think about which product lines, products, or brands are moving. This can give insight into how customers are changing their thinking. Monitor sales-related factors such as inventory, payments, and returns to gather additional information about how business is changing.

Determine true marketing spend so far this year. Don't just rely on the marketing spreadsheet

that your department has been keeping since actual commitments to date may have exceeded that. Consult the finance department to ensure that it is in-sync. Account for any outstanding bills for work done which have yet to hit expenses. Also, check media contracts and other commitments for marketing services scheduled later this year or future periods where the company is legally bound to pay. Lastly, check to see if services to support the marketing efforts that are provided by other areas of the business or third parties haven't been cut back. If areas such as customer support, technology, and Web site operations have had their resources curtailed, adjust marketing plans to make due without

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these resources or to provide additional support where necessary.

Assess marketing efficiency in terms of which channels, media outlets, and campaigns are driving prospects and closing sales most cost effectively. Consider which types of sales require multiple impressions from different media. For example, while it may seem that most of the sales are attributable to search, are there other aspects of the marketing spend such as catalogs or display advertising driving people to search for the company? Additionally, think about whether other resources are needed to maximize sales such as multiple distribution channels and non-marketing customer communications.

Put these different analyses together to get a more comprehensive picture of where the business is and how it has changed. Use these insights to guide future marketing decisions. Remember that it's important to track these factors on an on-going basis to enable the department to continue to meet the dynamic needs of the marketplace.

REDIRECT MARKETING SPEND

Based on the current state of the business, revise the marketing plan using the following three strategies:

1 Revise promotional offers to be in-sync with current trends Develop new offers that increase communications possibilities. This means assessing the product array including considering ways to change packaging to attract customers. Take into account how purchasing, pricing, and products may be viewed as offering value in the current environment.

2 Change the messaging to maintain communications with customers and prospects While price is certainly an important purchase driver in a weak market, keeping marketing messages focused only on pricing can hurt margins. Use communications that talk about budget stretchers, time savers, affordable treats, and entertainment. Consider how these messages can be used across various customer touch points and channels.

3 Reassess the marketing mix Using the current business analysis, consider where marketing efforts should be placed. Take into consideration the impact of various marketing initiatives on each other. Assess the potential for more creative, cost effective forms of marketing, such as social communities and PR that require less advertising dollars but more employee-related resources. Also, make sure that other areas of the business, such as non-marketing customer messaging and the customer database continue to support the marketing effort. Remind colleagues

that some level of marketing initiatives is necessary to drive revenues even in tough times.

Don't panic if the marketing budget is cut. In hard times, it's even more necessary to use analytic tools and marketing creativity to get the most out of the marketing dollar. With good information, it is possible to effectively determine where to reduce marketing spend to maximize results in terms of profitability.

MEETINGS AND EVENTS

Even in tough times your company's meetings and events can still be extraordinary. From a cost perspective alone, you can't afford them not to be. Not to mention the opportunity to get the best out of what your employees and delegates have to offer.

At most large meetings, the conditions are ideal for finding innovative solutions to the company's most vexing problems. On hand is your most diverse set of thinkers. They're away from their everyday routines, and most want to make something happen. There is also the opportunity to put different combinations of people together — perfect for creative problem solving.

The following will help to attract delegates who are also 'pinching the pennies':

- A stable and safe environment
- A high standard of services
- Easy to reach location
- Inexpensive accommodation
- Tailor-made incentives

A meeting will be remembered for the ideas generated and the attendants' active participation. For a positive return on investment, the following should be in place:

- A clear vision and purpose
- A plan for the overall process flow
- Facilitating full-group activities and small-group breakouts
- Training and coaching internal facilitators
- Designing engaging activities that help develop new insights
- Providing skills that people can apply back on the job

CUT COSTS — NOT CREDIBILITY

The intangible value of PR in particular, will always work against agencies when faced with the cold hard facts of a company balance sheet. While companies know and understand the value of advertising in terms of generating awareness and brand equity, the essence of the whole marketing function is to create credibility. As credibility is ultimately about perceptions — which doesn't have a standard measure or calculation — more and more PR agencies are coming under increasing pressure to

“justify” what they do. This makes managing client expectations critical.

While the role of PR is being recognized by more companies, many still demand “results” in terms of their bottom line. An editorial piece that gets published, for example, is expected to translate into instant sales or, at the very least, customer enquiries. Companies often don't realize that these will probably happen as a result — when the company comes to be perceived as credible and one that consumers trust and would like to be associated with.

ACQUIRED, NOT “BOUGHT”

Consumer trust is a huge commodity — and has to be acquired as opposed to “bought.” As the media is often perceived to be both impartial and objective, consumers are guided by media views and opinions in terms of where to place their trust — and who to trust. This trust translates into loyalty; where increased sales and customer enquiries eventually come in.

Needless to say, building trust is a process. It cannot be achieved through one radio interview or well-placed feature, but rather has to be sustainably built over time. This means that PR professionals, who are justifying your monthly retainer, need to emphasize that it's a critical part of long-term strategy and therefore wasted if done in peaks and troughs. It also means that you need to explain the role of PR and your function long before you end up standing in front of the board of directors.

When it comes to your clients cutting costs, Trish Riley, Managing Director at Letsema Communications, advises to have the “credibility conversation” sooner rather than later. In this way you'll demonstrate the real value of what you do, and show your clients the opportunity inherent in tough times like these — when consumers are more particular than ever with their disposable income. By creating credibility you generate trust, which translates into an affinity for your client's company and its products which ultimately equates to sales — a winning equation in both PR and financial terms.

RELAX, BREATHE

No one knows how long this economic atmosphere will continue, but this too shall pass. So far, we've gone through the Price/Earnings Ratio Peak crash of 1901; the Great Crash of 1929, the “Black Monday” stock market crash of October 1987, the Asian Contagion of 1997, loan defaults in South America and Russia, and even the 9/11 terrorist attacks. We survived each one; our economy rebounded to become bigger, stronger and leaner. **FP**

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