

Recession-exploiting Strategies

If you enhance your downturn-proofing and exploiting strategies, you will benefit in any economic climate. However, do today's professionals know how to lead and exploit opportunities in an economic downswing?

Looking at the primary 'exploiting' topics hereunder, we invite you to enter the discussion. Would you add more topics? You may also register for the 1-day Downturn-Exploiting Seminar at www.psasouthernafrica.co.za, and see eleven speakers like Clem Sunter, Mervyn King and Ian Rheeder in action.

1. Segmentation, Targeting & Positioning (STP Strategy)

Research and target attractive segments, and find 'recession-proofed' Customers.

- Consider withdrawing from weak segments where your CUSPs (Competitive Unique Selling Propositions) aren't valued much, and target segments (existing & new) that you can dominate with your CUSPs during and after the recession.
- Know exactly what your CUSPs are per segment. Target and competitively position each by forcefully revealing your revitalised CUSPs.

2. Attack and/or Attack-proof

Change the rules of the game – innovate and find a new Key Success Factor (KSF): reconfigure your value-chain, redefine your market, and find new partners or alliances in adjacent industries. Attack a weakened competitor and know how to attack your industry leader. *Attack* but beware of counter-attacks - you may become the hunted if you do a frontal-attack on a strong leader.

3. Marketing Mix Strategies

Product: No one wants their product or industry in the 'maturity', or 'decline' phase, but a downturn can *pre-maturely rewind, fast-forward or erase your products during their product-life-cycle (PLC)*. Due to competitive forces buyers may have developed a new shopping-list of wants; the basic-product (i.e. car) may not be as important now as the expected augmented-product (i.e. value-added guarantee, after-sale service, and/or interest rates). Your product-life-cycle may have also become stale, and like the Citi Golf now requires a few revitalised features to regain its growth trajectory.

Withdraw low profit margin, slow moving 'dogs' that are likely to fail, and research and revitalise new economy 'question-marks & recession-stars'.

Price: By lowering costs you will establish a cost-advantage: economies-of-scale, low-cost input and low overheads are the three big focus areas. During a recession Customers ponder longer on decisions to sacrificing their budgets. Dropping your price may seem attractive, but it comes with the challenge of struggling to increase it at a later stage ... so at least attempt to maintain your prices. *Differentiate* and charge a premium. If your product is the low-price leader, then aggressively emphasise your penetration pricing, as low price is a very relevant recession CUSP.

Placement: Reconfiguring your entire value-chain must be considered to *both* 1) lower the cost-of-sale, and 2) innovate your product's CUSPs. Think about forging collaborative synergies with related industry partners. Choose the most motivated channel-to-market that will move the highest volume at your best GP%. A smaller stock keeping unit (SKU) or large value-pack both may be the answer for the cash strapped and/or economy pack bargain hunter.

Promotion of your brand: Calling on you most valuable and loyal existing Customer's has superior results versus finding new ones. They are also the easiest to cross-sell & up-sell to, and give you free word-of-mouth referrals. Consider a Key Account Management (KAM) mindset – when you see a strategic Client don't just pop-in, but be a management consultant and enthusiastically assist them with their business.

Research shows evidence that in a recession, the marketer whose share-of-voice (SOV) is larger than their share-of-market (SOM), is likely to grow market share.

People: It's not just about the balance sheet and income statement, but more about human capital and a motivated channel-to-market?

To maintain staff motivation, a recent survey cited the following in *order of importance*: staffs' satisfaction with the job itself, training, pay, advancement fairness, treatment with respect and teamwork.

For more information contact ian@markitects.co.za