

# The best of times, the worst of times

**DOUG SACKS** muses over recent issues in the USA.

And so begins 2009. As I write this, we are a week away from the US Presidential Inauguration. The feeling in the country is one of cautious optimism and relief.

The optimism is due to the charismatic appeal of Barack Obama. The caution is for the very dire economic circumstances the country and the world are facing. The relief is saying goodbye to eight years of an administration that may have caused more damage than we even know. What Obama can do is uncertain. Damage control begins on Day One and recovery time estimates are unknown.

But America is a country of optimists and entrepreneurs. That's what makes it a special place - it grows its own and attracts those from around the world.

Only the already over-burdened middle class seems to recognise that the funding for economic bailouts comes from tax revenues and these revenues are shrinking drastically. Belt-tightening and living within means is becoming imbedded in the sub-conscious of almost all Americans.



**In difficult times, it becomes even more important to get together with other marketers to share ideas. Don't work in a vacuum.**

This is good. Just as rampant and undisciplined consumerism was the portrait of the last decade, now we hope the picture being painted will be one of a sense of proportion.

If that's the case, whatever hardships lie ahead will be worth it. If it takes a severe shock to shake a country out of a lifestyle and thought process that cannot be supported by real dollars, cents and sense, then I think the shock has finally been delivered.

So, marketers have to re-align, re-define and re-design their models as consumer attitudes change from free-spender to saver. Companies that can change to align with this will do well and thrive.

Those basing their products and services on conspicuous and obscene consumption habits will suffer.

Unfortunately, those offering necessary but high-ticket merchandise - like cars - will suffer greatly as well.

#### A big deal

Of course, there are always exceptions: Two Japanese sushi restaurants just paid \$104,000 for a dead fish; a Bluefin tuna (apparently, the Japanese go crazy over tuna the way we do over Beaujolais Nouveau. Both are highly overrated). A big deal is made over the first catch of the year.

To recoup its investment, one restaurant is offering a thin slice of the tuna for \$22 - for a slice so thin it's translucent! The other restaurant is more practical; realising it will never come close to covering the cost of the shared fish and including it in its sushi platters. Wisely, and the reason it plunked down

half the \$104,000, this restaurant is milking the publicity generated from the fish like a dairy farmer with a herd of Holsteins. They say that as a marketing and brand-building strategy it has been a huge success and they plan on doing it again.

So, is re-allocating marketing dollars (or Yen) - not eliminating them - the way to go in difficult times? I certainly think so.

While some hunker down and lick their wounds, the companies that continue to build brand awareness and customer share will thrive - in both the short and the long-term.

#### Impact on income

One benefit to having minimal disposable income is the recent stock market meltdown has had a limited personal impact. I have been reading about billionaires committing suicide. Come on! Even if you lost everything, their definition of 'everything' must still leave them with more than I'll ever have!

Of course, shame is an entirely different motivation... but seems to have no effect on Bernie Madoff - what a classic American success story! He had a legitimate trading business that did very well; it was the underside of the business that did him in.

But I would never have trusted him with my money - even if I had it to invest and could gain membership of his country club in Palm Beach (which seemed to be a pre-requisite for investing): This is a man who regularly has \$50 pedicures... not manicures, pedicures! I assume he spent a lot of time in open-toed sandals in sunny Florida... but

something just isn't right about that. I admit this is highly judgmental, but I can't help it - I'd be happy to have a beer with a serial male 'pedicurophile' but I wouldn't entrust my money to him. Sorry!

Individuals suffering a loss of income create a 'domino effect' disaster at federal, state and local governmental levels: less money filtering down to individual states from Uncle Sam means projected operating deficits are being measured in billions; so, states cut back on their aid to the towns... and towns are forced to slash budgets and cut back on services to the citizenry.

Even in my little New England village of Wethersfield, we are about to feel the very real effects of this - all town departments have been asked to slash their budgets.

Our forward-thinking mayor has asked that the next breakfast meeting our economic development and improvement commission hosts has as a topic, 'How businesses can survive and thrive in difficult economic times'. I'll be on the panel (I'll do almost anything for a free breakfast).

My plan is to say the same things I say in this column:

- Don't stop marketing
- Don't stop searching for more customers
- Don't neglect your existing customers or they'll become your competitor's new customers
- Re-direct your marketing budget allocations as necessary to find more creative and efficient (measurable) ways to do all this
- Be like the Japanese sushi place - albeit on a more limited

scale, perhaps - take advantage of the competition's hibernation or hesitancy to maintain or increase its marketing budget

- Find cheaper ways to do this
- Look overseas for new customers, if possible
- Take advantage of the consumer's more conservative spending habits wherever possible.

#### Ways to save

In next month's column, I'll discuss couponing, which is undergoing a resurgence as more people, either by need or changed mind-set look to save any way they can.

The new web-base and mobile technologies are taking this beyond the established yet still effective printed coupon into the electronic realm.

One last point: In difficult times, it becomes even more important to get together with other marketers to share ideas, take turns complaining, etcetera.

Don't work in a vacuum.

Look for ways to do this that won't break the bank.

Douglas Sacks is VP, strategic planning, and partner for Focus Worldwide a global database marketing consultancy. email: doug@focus-worldwide.com

**The news universe for the direct and interactive marketing industry**

**Special offer**  
Free magazine and e-newsletter subscription.  
Tel: +44 (0)20 7043 9008,  
email: subs@dmi-news.com  
or visit: [www.dmi-news.com](http://www.dmi-news.com)

**dmi**  
WELCOME TO OUR OFFICE

