

[HOME](#) › [Resources](#) › [Doing business in a recession](#) › [The big guys know their customers](#)

## The big guys know their customers

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TUESDAY, 09 DECEMBER 2008

This is the first in a series of articles that may make you think about how you can best manage your business in these difficult times. These do not constitute an action plan for success, as every business is different and you should take specialist advice.

Every day we seem to hear of banks being bailed out, pensions dropping in value, high street spending down and job losses or fears of redundancy; the economic crisis has hit us all. Will your company be immune? The answer is of course not.

So how do we increase our chances of survival? Some of us remember other downturns, which although admittedly don't look so bad now, were bad enough at the time. Over the next few weeks I'll provide some hints and tips which companies can consider and modify to fit their own circumstances. Or perhaps my thoughts will just trigger a way of looking at things afresh to find answers.

I'll start with what for most marketers is the most obvious. Know your customers. How are they refining or changing what they value in a recession? If you need an example of how important it is to know your customers' desires and needs, then take a trip to your local Tesco and observe the change that has taken place in just a few months. Missed it? The emphasis now is on 'biggest discounter' and 'value for money'. (In-store placement, colours and promotions all reflect this too). The 'every little helps' message is now taking a back seat, as it is perhaps less appropriate when families need a lot of help.

Under pressure from low-cost outfits such as Netto and Lidl, Tesco is, we can guess, reaping the benefits of its 'Clubcard', that expensive loyalty scheme (aka customer profiling tool) in helping to track what its customers are buying and which demographic has stopped shopping in its stores. Whatever your view of the company's position in the UK retail sector, it's difficult not to marvel at their marketing machine which has skilfully and quickly responded to their own research and changed the message and the product range to keep the cash rolling in.

How does this work in your space? Can your company learn from them? You bet! Instead of slashing the market research budget, (or not having one) you now, more than ever, need to know what customers in your sector want. How is the recession changing what they are prepared to buy and can you predict what is happening further down the line and respond quickly?

We know that consumers are taking more time searching for longer-lasting products, and negotiating harder on the price. We are all more inclined to postpone buying, buy less, or live without the latest model. 'Must-have' items of yesterday are today's 'we-will-wait' products.

This change in consumer psyche also impacts on B2B and B2G markets, the former because buyers know that it is a buyers' market and the latter because government can't be seen to be wasting money when communities are hurting. Keep in mind that you need to supply a 'necessary' purchase that offers even better value for money than you thought you did before.

Customers in all sectors are shopping around for the best deals and you need to respond to this by adjusting your pricing tactics. This doesn't mean that you have to cut your list price, but price promotions work.

Lowering the point when discounts for quantity kick in can make a difference, as can extending credit, giving a discount for early payment, and modifying the pack size to hit lower price points. Look at the high street and see that they are all doing this: buy one get one free, smaller quantities, 20% promotion days, pay in 2010 – if these work for you as a consumer, perhaps some of them will work for your business too.



Kevin is the MD of Alliantus. An experienced, motivated and practised marketer he has a reputation for thinking outside-of-the-box and being a safe pair of hands. Kevin has brought his expertise to a wide range of companies and offers a range of tailored services to companies to help them meet their business objectives more quickly.

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