

# How to Recession-Proof Your Business Using the Internet

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**T**here's no doubt that we're in a severe recession worldwide. In fact, here's a recent statement from the World Bank:

*"The world economy will contract by 1.7% and the richest countries by 3% in 2009. What began six months ago as a massive deleveraging in financial markets has turned into one of the sharpest global economic downturns in recent history."* **Robert Zoellick**, President of the World Bank (Source: *The World Bank*, March 31<sup>st</sup> 2009)

So we're in a recession – that's a given. The next question becomes how deep is it likely to be? There are a lot of different views out there which is not surprising considering the unprecedented nature of this particular downturn. We're in relatively uncharted waters.

Here's what two of the worlds most respected financiers had to say on the subject recently:

*"The current global recession will surely be the longest and deepest since the 1930's."* **Alan Greenspan**, former Federal Reserve Chairman (Source: *Reuters*, February 17<sup>th</sup> 2009)

*"It's an economic Pearl Harbor. The recession will be longer and deeper than most people think. This will not be short and shallow."* **Warren Buffett**, World's Richest Man and Most Successful Investor (Source: *Reuters*, March 9<sup>th</sup> 2009)

Given that we're in recession and it's likely to be deep it makes sense to learn effective and proven strategies for surviving and thriving in a recessionary

environment because tough times are going to be around for a while longer. In true Darwinian style, only the fittest and strongest will survive.

But where to start?

## **Change Your Behavior in This Changing Environment**

The very first thing you need to do is to understand how people's behavior changes in times of recession. And that's not just the behavior of your prospects and customers. You also need to appreciate how the behavior of your competitors is likely to change too so that you can respond much better than they do in a recessionary environment. Your suppliers and even your bank have likely drastically changed their behavior in response to the increasingly tough times as well.

Let's take each of them in turn...

### **Prospects and Customers Want More for Less**

With less job security and more pressure on household budgets, consumers tend to be more selective on exactly what they're prepared to spend their money on. Luxury items and non-essential purchases are usually the first to be sacrificed as prospects and customers begin to tighten their belts.

For example, during a recession it's common knowledge that high end restaurants tend to suffer in a downturn as people begin to eat-out less and eat-at-home more to cut back on discretionary entertainment costs.

Also, in times of recession, people tend to look for ways to save money on their current expenses in efforts to make their money go further. They may even expect you to lower your prices and give them even better offers than before.

### **Competitors Are Ready to Take Your Lunch Money**

Of course, your competitors are not exempt from the effects of the economic downturn. They have their own concerns to worry about too. They're not the only ones having sleepless nights worrying if they'll be able to meet payroll or even survive and keep the doors open. Fortunately, most competitors respond poorly in a recession and this can be to your advantage if you use it correctly.

For example, the tendency of most of your competitors in a recession will be to panic and offer drastically lower prices in an attempt to keep the customers they already have. And they'll do this even if it means that the long term profitability of their business will suffer. In desperate times, some competitors will do desperate things.

One of the biggest mistakes that your competitors will most likely be making in this recessionary environment is that they'll likely cut their marketing budget. It's understandable why they do this.

In tough times, most business owners look to cut costs wherever possible. For example, they look to cut staff, limit working hours and minimize business expenses. One easy target in the cost-cutting exercise is to slash the marketing budget to the bone.

But this is a huge mistake and here's why...

According to Ogilvy and Mather, an advertising agency serving many of the top Fortune 500 companies, a recession is not the time to be cutting your marketing budget:

*“Companies that continue to spend through the recession recover faster than those that reduce their budgets. In fact, companies that increase their marketing spend in recessions recover up to 3 times faster in normal times.”* **Ogilvy & Mather**, Ad Agency to Fortune 500 Companies

(Source: *Optimizing Production Expenditure & Creative Assets*, White Paper by Ogilvy & Mather)

So whilst some of your competitors short-sightedly cut their marketing budget and unknowingly sentence themselves to slower recovery when the good times return, you can outsmart them and maintain or increase your marketing spend to recover much faster – and take their lunch money.

*“The recession is an opportunity to put weaker competitors out of the market and decrease their market share and decrease their capacity when growth returns.”* **Ogilvy & Mather**, Ad Agency to Fortune 500 Companies

(Source: *Doing More with Less*. White Paper by Ogilvy & Mather)

An added advantage of continuing to market your business in a recessionary environment is that a lot of the advertising rates are lower so you get more space for every dollar you invest.

Plus, because fewer of your competitors are willing to advertise in a recessionary environment, you get more exposure too. After all, a lot of your prospects and customers are still out there looking for your type of product or service so they're more likely to find and buy from you if you're still marketing to them at that time.

## **Suppliers Are Feeling the Squeeze Too**

As your suppliers are businesses too, they're feeling the squeeze from multiple directions as well. You may have already noticed that your suppliers are more strictly

applying their credit terms and chasing overdue invoices more anxiously as they experience their own cash flow challenges. Gone are the days when they'd let overdue invoices go un-noticed or un-chased. In an attempt to maintain cash flow in their own business you may find that they're more likely to be pursuing you for outstanding invoices – in case you're not around next week.

### **Even the Banks are Short of Cash!**

Despite the massive bank bailouts, the banks are still nervous about lending to each other – let alone you and me as business owners. In fact, many business owners are complaining that their banks have reduced or even eliminated their credit line even though they can prove that they have a viable business. All this adds further pressure on your already shrinking reserves for cash flow.

Whilst the current economic times are tough and hard for most people, every crisis brings with it tremendous opportunity... for the well prepared.

## **The BIG Difference in This Recession**

In contrast to the last recession in the early 90s, this current downturn has an additional potential savior – the Internet. Used well, the Internet can be your recessionary life raft to provide you with an effective way to outsmart, outmarket and outperform your competitors.

Fortunately, not many business owners know how to use the Internet as a powerful tool to really effectively market their product or service. Sure, a lot of businesses are throwing money towards marketing themselves online but fortunately (for you!) most of them are not doing it that well at all. We can help you to change that.

But first of all, why should you even consider using the Internet to help you and your business to survive and even thrive in this recession and beyond?

## **4 Major Reasons to Market Online**

Here are 4 major reasons why the Internet should be a significant part of your overall marketing strategy:

### **Reason # 1: People Are Spending MORE Money Online**

According to a comScore research report, the number of people actually searching for products and services online increased by 21% in 2008. So the Internet is a growing trend and more and more of your prospects and customers likely to look for you online.

Why?

It's convenient and a great way for them to save time and often save money too. Remember that a lot of people are time-poor in today's hectic 24/7 society.

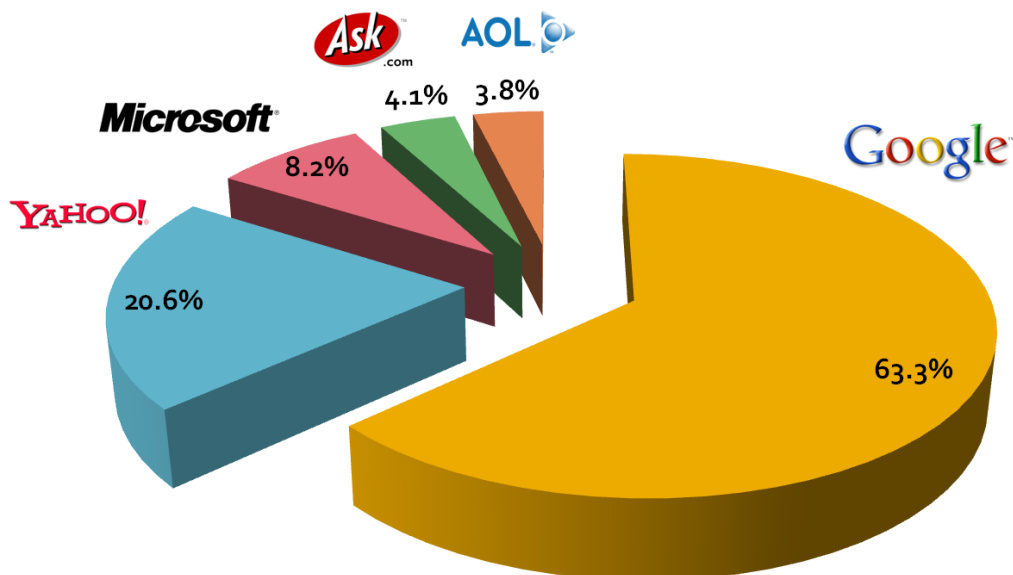
Having more people searching for your product and service is one thing. The important question is: are they spending more money online?

A comScore study reported that US e-commerce spending in 2008 reached a staggering \$214.4 billion – a 7% *increase* over the previous year. So importantly, more people are spending more money online too – they're not just lookie-loos and information seekers. They've got cash to spend and they're going to spend it online somewhere the only question is: will it be with you or your competitors?

And the most popular search engine?

As you can see in the following pie chart, Google is the most popular and significant search engine – by far.

The comScore study in February 2009 revealed that the top 5 search engines were Google, Yahoo!, Microsoft, Ask and AOL. Google gets 63.3% - nearly two thirds – of all searches in the US. Yahoo! gets 20.6% of the searchers – just over a fifth with Microsoft, Ask and AOL scrambling for most of the scraps. To get the most exposure, focus your efforts on Google and then Yahoo! if you have the resources.



 comSCORE.

Where does your company website appear on Google for the typical phrases that your prospects and customers are searching for? If your company website doesn't appear,

you're effectively invisible and don't exist on the Internet. We can help you to greatly increase the visibility and sales for your business online.

### **Reason # 2: If You Don't, Your Competitors Get the Profits**

Chances are good that your competitors have already realized the benefits of marketing their business online. So if you don't have a significant online presence then you're losing out on the Internet visitors and they will go to your competitors instead – together with their money now and most likely into the future too.

Fortunately, most businesses that are marketing themselves on the Internet are doing a mediocre job at best and can usually be easily beaten online – with some correctly applied expertise.

### **Reason # 3: Online = Greater Return on Investment**

As marketing budgets come under more pressure, businesses are now looking for methods that have a proven return-on-investment (ROI) so that they can get more bang from their marketing bucks. Because of this, a lot of businesses are using online marketing methods such as e-mail marketing and search engine marketing which are proven to outperform traditional media such as advertising.

But where should you spend your marketing dollars online?

Well, a Sapient survey in 2007 found that 38% of online marketers ranked online search as their #1 marketing channel for providing ROI with e-mail marketing second at 24% and digital advertising at 15%.

According to a study by the Direct Marketing Association, the ROI from email marketing in 2008 was \$45.06 for every dollar spend whilst direct offline marketing had an ROI of just \$15.55 for every dollar invested. (Source: The Power of Direct Marketing Economic Study 2008 by the Direct Marketing Association).

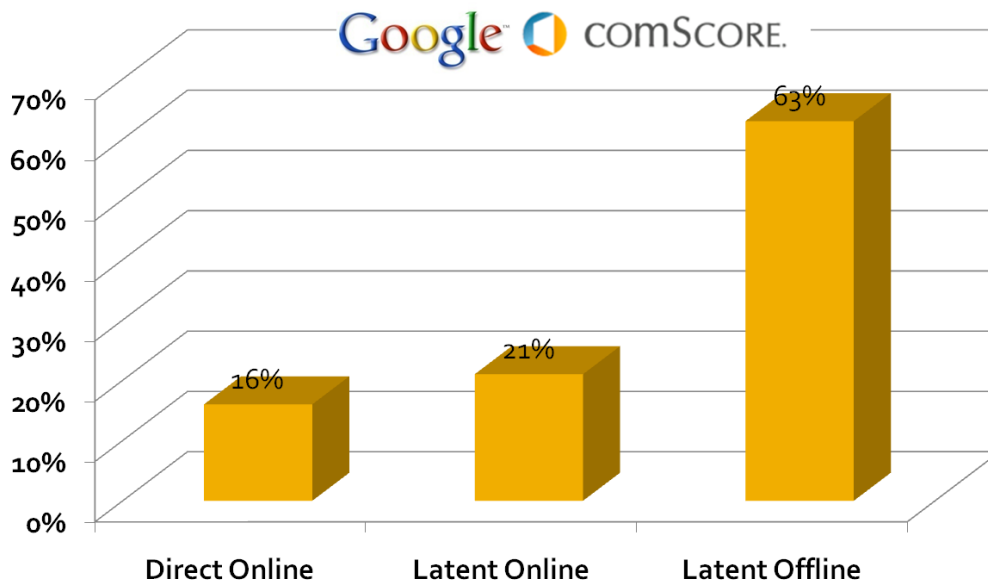
In yet another study by McKinsey of 340 senior marketing executives in June 2008, they found that 91% were using online advertising and over half said that they plan to maintain or increase their current online spend. More importantly, 55% said that they are cutting expenditure on traditional media to be able to increase their online efforts.

So, the trend is for savvy businesses to shift their marketing dollars from traditional offline methods such as advertising to online methods that have greater ROI.

If your current marketing methods are not producing the results you want, then we can help you to get a much higher ROI from every penny of your marketing budget by helping you to use online methods with a proven and greater ROI.

## Reason # 4: Online Marketing Influences Offline Sales

One of the key things to understand is that people's buying behavior has changed as a direct result of the Internet. People are increasingly likely to do a search for a product or service online and then either purchase it online there and then or use it later to influence their purchasing decisions once they do go offline.



(Source: The Role of Search in Consumer Buying – Joint Google and comScore Study March 2006)

A joint Google and comScore study on “*The Role of Search in Consumer Buying*” found that immediate online sales accounted for only 16% of activity and a further 21% of sales came online at some point later after the search. More strikingly, a whopping 63% of sales came from activity done offline at some point after the online search was conducted. (The study was conducted in March 2006 and examined activity across 11 product categories over a 60-day period).

This holds true for business-to-business sales as well as just business-to-consumer sales. For example, in their Business to Business survey of 2007, Enquiro discovered that 36.4% of respondents found vendors online but then completed their purchase offline later. (Source: Enquiro “*Business to Business Survey 2007*” May 2007)

So, the buying decisions of your prospects and customers are being greatly influenced online and will lead to offline sales. If you are not there to influence them online, then they'll most likely not buy from you when they go to purchase offline later and buy from your competitors instead.

I can help you to increase your online presence so that online prospects and customers find your business instead of your competitors and buy from you online now or when they go to shop offline later.

## What to Do Next

### Claim Your Complimentary 30-Minute Recession-Proof Your Business Using the Internet Consultation...

I invite you to book your 30-minute ***Recession Proof Your Business Using the Internet Consultation*** which I'll conduct with you over the phone at a mutually convenient time.

Here is what we'll accomplish together in this session:

- **Evaluate Your Current Internet Strategy:** We'll look at what you're currently doing online (if anything) and evaluate both the strengths and the weaknesses of your approach. I'll let you know exactly where you are going wrong and more importantly how to rectify it. Your current approach could be costing you lost income every month which is why it's important for you to discover what needs changing.
- **Benchmark Your Competitors:** We'll look at what your competitors are doing online and more importantly how you can outsmart them with better and more effective online marketing strategies. We'll identify their weaknesses and the areas where you can have quick wins to get prospects and customers coming to you instead of losing them to your competitors.
- **Develop Your Future Internet Strategy:** Once we know what both you and your competitors are doing on the Internet, we'll then be in a better position to identify the best steps for you to take to leverage the power of the Internet for your business. There's no one-size-fits-all which is why we need discuss this together to discover more about your business and what you really want to achieve.

**Note:** This consultation will last around 30-minutes and will be conducted by me personally and please do not worry – it will *not* be a high-pressure or thinly veiled sales pitch.

To arrange your complimentary ***Recession-Proof Your Business Using the Internet Consultation***, call my office at 0044-02920-619906 right now and well schedule your call. Be aware this consultation will be conducted by me personally and is worth at least £100 of my time so please only book the consultation if you are going to call and want to benefit from the consultation time.

Call my office at 0044-02920-619906 now.

I look forward to hearing from you soon.

Mike Bailey MJB Marketing International