

Surfing the Crisis

Weathering the Storms

Most probably the current financial year will not be the most fortunate one, but perhaps it can turn out to be the year in which we strengthen our bonds with our customers, balance market forces and even conquer clients abandoned by less creative and hardened competitors in spite of the recession. The article urges to re-focus our organization on its essential mission of creating value for our customers.

A peculiar year has ended, heading us to one charged with more premonitions than uncertainties. We face a crisis, but this time it doesn't come from one troubled developing economy, or can be limited to one specific region. This one comes directly from the heart of economic development, and is clearly covering the entire world. In any case, the uncertainties refer to the depth of the sales fall and the length of the depression, but there is hardly any doubt that we are entering a year charged with difficulties, but certainly there is plenty of room for planning.

How shall we cross the year – hoping the depression will not extend itself or last beyond one year? Can com-

panies do more than apply the red pencil to cut structure and expenses? We believe they can, and most probably those from the emerging economies, more used to strong variations, are better equipped to these circumstances than those from countries with decades of steady, foreseeable horizons. Having experienced countless crises, emerging companies have learnt the lessons on how their customers react to crisis, and how to better cater to their wants and needs under these conditions.

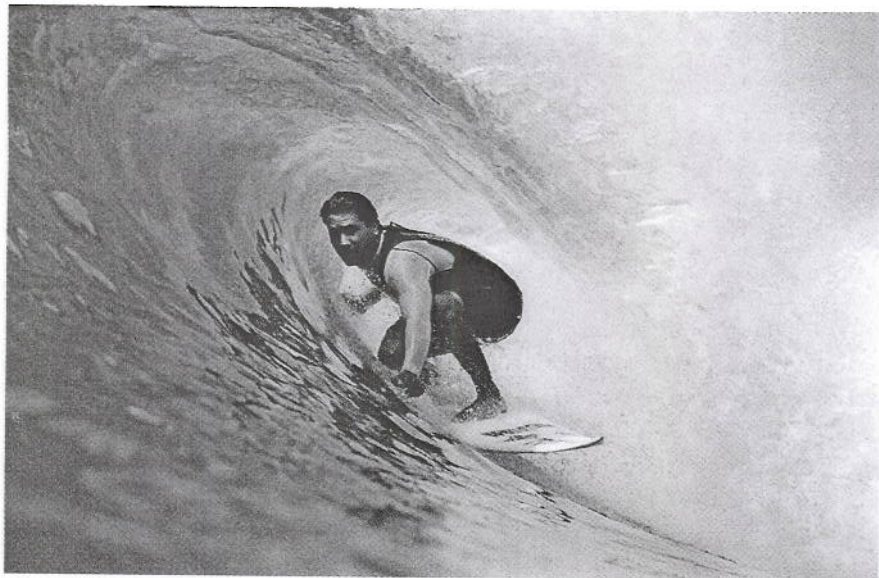
The first lesson is that the market doesn't disappear; it retracts, but does not simply fade away. Customers end up buying somehow; so the market remains, and hence the chances to sell

products and services. The next lesson is that customers with their purchasing power trimmed become thrifter and more sensitive when judging quality and ultimately value. This sensitivity is strengthened by promotions, and more bargain hunters come out prowling the market. The other lesson is that in a crisis you don't walk away from the market as the price for reentering when it's over will be much higher than the eventual cost of resisting the crisis. Some other company will have taken your place, and customers don't feel specially bonded to brands that abandoned them in their worst times.

In circumstances as the ones approaching, marketing is the function called to bear the company on its shoulders and help the company stay afloat.

Leadership is required to plan for innovation focused on the customer. Beyond crisis or depression, in today's dynamic markets, innovation is the essence of strategy. It's not enough to differentiate; companies should be capable enough and always ready to renew the strategy. Competitive advantages are transitory at best: they bring us to the present, but offer no guarantee of future success; much less in a retracting market. At the speed markets change and especially with a crisis as deep as the current one, it is essential to be alert and ready to revise strategies at the first signs of failure. Flexibility needs to be cultivated, and room created for individual initiative throughout the organization, to invent new ways of taking care of the customers.

Customer focus is another pillar essential for any marketing strategy. More than ever, one needs to stand by the customer, change the paradigm and forget about chasing clients as if the market is a jungle. Seasonal promotions are the key to stimulate end-of-year sales that are already showing clear signs of contraction, but then the rest of the season lies ahead, and after that a whole year with its seasonality. Only the very efficient may live on promotions. The rest will have to turn to their best practices. Customers are persons with interests, habits and needs who seek for value and most



don't want to go on a safari to learn who has the best offer every time they shop. But in the case of sensitive clients, one has to call on his best knowledge as to how to better satisfy them. We know they need the products' quality, but that their buying power has been reduced. So before they turn to less attractive but affordable options, one will have to invent new formats, sizes, packages and channels to stay available. Today more than ever we have to keep in mind that it's all about creating value, and that access is an essential part of value.

It's in the crisis that loyalty is tested, and we're not referring to customer loyalty, but of being loyal to our customers. Selecting customers and cultivating loyalty, being loyal to our customers rather than expecting their loyalty based on the gifts offered create mercenaries and bargain hunters who are no different from predatory marketers. Markets have people on both sides. Cultivating customers implies developing long-term relations, knowing thoroughly what our customers want rather than guessing or trying to hit the target with some new promotional gadget. In the long run, it's not the smart tools but the good marketers that fully devote themselves to creating better value for their customers. From this cultural definition, promote this attitude throughout

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the organization, we are going to create value for our customers, especially now when they need it most. This will show them our loyalty that we're there for them not only when things are working, but also when things go wrong – we're the company that prefers them and knows them better.

Most probably it will not be the most fortunate year, but perhaps it can turn out to be the year in which we strengthen our bonds with our customers, balance market forces and even conquer clients abandoned by less creative and hardened competitors; and also re-focus our organization on its essential mission of creating value for our customers. After all, if the crisis helps the company focus on its very mission, then welcome the crisis! It may turn out to be a year full of opportunities. Some say that luck is a combination of preparation and opportunity. Good luck, then! ☺

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