What Kellogg's and the Great Depression Can Teach You About PR and Marketing

7/18/2012

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What's in a bowl of Corn Flakes? Aside from providing the morning nutrition requisite to a successful day running your business, your cold cereal is about to teach you a lesson in competing during times of economic contraction.

Circa 1929, the Great Depression was beginning. Bank failures made today's same failures seem relatively innocuous. Unemployment loomed at 25%, and every sector in the U.S. economy was adversely affected. But people still needed to eat. And the breakfast of choice for most Americans was "flakes and milk". The two largest manufacturers of breakfast cereal were Kellogg's and Post, and both had been "neck and neck" with U.S. market share, each vying for dominance in the cereal market.

Any idea who won? Kellogg's did. The reason: They, unlike their rival, Post, that decided to "cut back" on marketing expenditures, Kellogg's opted to increase spending, from the Great Depression's outset through to its end. Kellogg's made a calculated marketing decision to advertise and promote their products aggressively-namely Corn Flakes, their hallmark brand-despite, and actually the economic downturn. Their rationale was simple: In knee jerk fashion, their competitors had scaled back their marketing efforts significantly, thus opening the door for Kellogg's to blitz the market with a strong ad campaign designed to persuade consumers to Kelloggs' touted superior quality, thereby gaining them significant market share that positioned Kellogg's as the industry leader-which endures to this day.

Remember that your potential customers are still evaluating products and services on a daily basis, and while some purchases may be deferred, they are nevertheless receptive to marketing messages and are constantly forming opinions that will shape their buying behavior. Consider also that consumers are especially sensitive to marketing messages during a recession for the simple reason that they are now in the "driver's seat" and have more time to evaluate purchases. Hence the spike in pre-purchase inquiries here at the BBB since the recession began.

And finally, advertising in a tight economy is known also in marketing jargon as 'signaling'. This means that merely seeing a firm's advertisement, especially against the backdrop of a weaker-than-normal economic climate, actually sends a 'signal' to consumers which says of your business, albeit subliminally, "You are seeing this ad because our company is fiscally healthy even in this economy, so we must have good products/services."

Simply put, consumers don't stop spending or planning their expenditures. And while it seems intuitively obvious to most businesspeople to reduce their spending when demand wanes, the exact opposite is the strategy that should be pursued. Think about it: Won't your advertising dollars stretch further if fewer competitors are advertising? Ask yourself: When will I have a competitive advantage such as this again, to both leverage my marketing dollars and steal market share from my competitors-some of which may be even larger than my firm? Few opportunities as these exist in business.

While you cannot control the macro economy, you can control what you do to become leaner, meaner, and more profitable.

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