

How brands can win and keep consumers in tough times

Article

Between inflation, low unemployment, and high interest rates, our economic health gives mixed messages. When times get tough, consumers look to brands to provide value, empathy, and sometimes a little levity. Here are five tips for adjusting your marketing message and growing loyalty during stormy weather.

1. Now is not the time to go dark

When the pandemic hit, brands pulled back marketing—in part to save money and in part because they thought consumers would find it “insensitive to be positive or even advertise in that time,” said our analyst Paul Verna. “It took a short time for them to realize that it didn’t do any good to just disappear. And in fact, consumers wanted them to continue being present.”

Verna says while this time isn’t like the pandemic, marketers should heed the lessons learned and continue putting out messages. “Brands are just being smarter and more selective about how and where they spend that money,” he said, suggesting investing in channels where you can measure your ROI and understand how your marketing dollars are working for you.

2. Understand your customers

Recognize that your customers are confused by mixed economic messages, which has led to consumers pulling back spending and being more mindful of their budget, said our analyst Suzy Davidkhanian.

You must be more sensitive to consumer preferences, Verna said. Topics like sustainability are a go, but be careful of diving into anything that could turn into a political or social firestorm.

3. Determine your place in the value vs. price debate

“Consumers are more mindful of how and where they’re spending money and are more mindful of substitutions,” said Davidkhanian. “Value is equated between price and quality. You’re not going to buy a T-shirt that’s \$1 that breaks apart in two days. You’re going to buy something that’s \$5 but [will] last a little bit longer. There’s a minimum to the dollar part of that value equation, but I do think that it’s a combination and not at the loss of a good experience.”

Davidkhanian says tactics like coupons or cash back if you spend a certain dollar amount can help consumers find value in your brand and also build loyalty.

4. Lean into loyalty and memberships

“I think retailers need to find different ways from a marketing perspective of how [to] get customers to come back and feel like they’re gaming the system and getting a good deal,” Davidkhanian said.

One of the best ways to drive loyalty is with a membership program, Davidkhanian said. But focus on free and not paid because consumers are looking for areas to cut, Verna added.

“That wasn’t the case even a year ago,” Verna said. “Brands were trying to drive new subscription revenue.” He points to Netflix as one example. Following years of large user growth, the streaming giant is looking to grow revenues. One tactic is charging for password sharing.

“That’s a slippery slope where on the one hand, they need to drive the revenue. On the other hand, they’re asking people to pay for something that used to be free. The sentiment on the consumer side is that we don’t want to spend any more money because we’re already spending more and more on these subscription plans,” he said.

5. Have empathy for your consumers

“Consumers want to be listened to so they want to know that the brand is taking their situation into consideration, but how that plays out can take different forms,” Verna said.

He pointed to Domino’s Pizza, which has been running a campaign that plays off of how prices have been fluctuating recently, as a brand that has done this well. “The way they were acknowledging the economic pain, but also kind of like being playful to a point where it wasn’t going to offend anyone. It was an effective way to approach a very tricky situation,” he said.

Being transparent is also important. Now isn’t the time to cut down on quality or quantity: Davidkhanian recalls a yogurt brand downsizing its packaging but not its price and not telling consumers as an example of what not to do; Verna points to a restaurant that added a surcharge for rising food prices but not communicating that in any way until he found it added it to the bill.

Empathy, humor, storytelling, and authenticity are the key points brands should focus their messages on, Davidkhanian added.

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