

## Over-indulgence is often followed by a hangover

After 14 years of over-indulgence, how big a hangover do we really deserve?

Recession, the “R” word is suddenly on everybody’s lips. It raises fears, doubts, worries and concern – but why?

“Downturns”, like disease, will always be with us. It doesn’t really matter when or where we are, the great cycle of good times – bad times – good times seem to roll over us regardless of what we (or any Chancellor / Finance Minister) can do – or any promises an eager Prime Minister can make. I am told the cycle has been running since Old Testament times (seven lean years followed by seven fat years followed by.... Genesis 37-55), I can tell you’re impressed.

Anyway, assuming the recession is really coming, you have three options:

1. Ignore it and hope it goes away:

A popular if ineffective response, but if you have no ideas at all what else is there to do? It may not seem like ignoring it but, believing that your order book will remain as long as ever or that the customers you have been serving for the past 14 years will be equally resilient to the recession is the same thing

2. Batten down the hatches and hope to weather the storm:

Well its action I suppose but what have you learned? To go into hibernation, living on the fat you have stored is no good if the world you wake up to has changed from the one you left. And recessions have a way of changing things, not just slowing everything down, but killing off the old ideas and discovering new ones. Try and start selling the old ideas and see how far you get

3. Use the recession to grow your business:

Recessions are regular, if infrequent, visitors. We have a fairly good idea what happens in a recession:

- The top/exclusive end of the market remains largely untouched
- The bottom/cheap/economy end of the market remains largely untouched
- The ‘mid market’ of undifferentiated, mediocre businesses gets devastated – deservedly.
- Customers learn to spend differently and, as a result, their values change. They start to want/seek new and different things

Recessions tend to be very bad news for the ‘product-push’ organisations, who all collapse prices and margins in a vain attempt to survive. What else can they do?

For the customer-driven organisations the outlook is much brighter. When money is scarce, it’s too scarce to fritter away on goods and services that don’t come with a really compelling reason to buy. Its just human nature, when we have to be careful with our money we will only part with it if the offer is:

- a. Worth it - really different from all the others and certainly not just *cheap!*
- b. Worth it - made for me, I don’t want something ‘ordinary’ after all and certainly not just *cheap!*
- c. Worth it – something that is part of my life, not peripheral - and certainly not just *cheap!*

Maybe we should treat recessions as a marketing opportunity. Now there’s a thought...

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