

# How Marketing Can Drive Sustained Growth In An Economic Downturn



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The global economy is entering choppy waters, and a downturn is looming.

How should marketers adjust their sails? In this document, we use data from the spring 2022 wave of our Customer Buying Index (CBX) research to provide pointers to successful navigation.

## What is a downturn?

It might seem strange to begin with this question.

After all, everyone knows a downturn is a major and prolonged dip in economic activity. A recession is often defined as two consecutive quarters of decline in Gross Domestic Product (GDP).

Former President Harry Truman once remarked:  
“If your neighbor gets laid off, it’s a recession.  
If you get laid off, it’s a depression.”

Truman had a point. But the thing to remember is that every downturn is different, and the one taking hold in 2022 definitely has quirky characteristics. Notably, many businesses want to hire, but can’t find the workers to fill open vacancies. Many consumers want to spend, but supply chain disruptions mean they can’t find the things they want to buy. This is definitely an economy where supply and demand are driving forces.

## What happens to your key accounts in a downturn?

Armstrong Rubber, Hines Lumber, and Pacific Vegetable Oil – what do these companies have in common?

The answer is all three formed part of the Fortune 500 in 1955 but subsequently vanished. A comparison of the Fortune 500 lists in 1955 and 2016 showed only 1 in 8 companies remained 61 years later.

That’s a high rate of attrition. However, membership in the global 2K – the world’s largest organizations – is not fixed. For some large enterprises, a global downturn represents an existential threat.

So the answer to the question “What happens to your key accounts in a recession?” may be unsettling. A minority will thrive, many will survive, and some will disappear.

## Which enterprise accounts succeed in a downturn and why?

When the market becomes volatile, many enterprises will strive to manage their costs aggressively downwards. This may include layoffs – ironically, at a time when businesses are lamenting their inability to find sufficient talent. Typically, enterprises will look to make deep cuts in their capital spending commitments, their research endeavors, and, of course, marketing.

Nitin Nohria at the Harvard Business School studied the impact of the 2008 global financial crisis. By his analysis, some 9% of companies emerged from that in better shape than when they went in.

In 'Roaring out of a Recession'<sup>i</sup>, Harvard Business Review assessed the approach of those large enterprises who tend to outperform their competition once the downturn ends.

They called out three proven success strategies during a recession:

- Realize operational cost savings
- Don't cut employees
- Continue with long-term strategic investments



## How can marketing win in a downturn?

An often-cited principle is “hold your nerve and continue to invest.” Despite this principle, some of your competitors are likely to lose their nerve and cut back on their marketing.

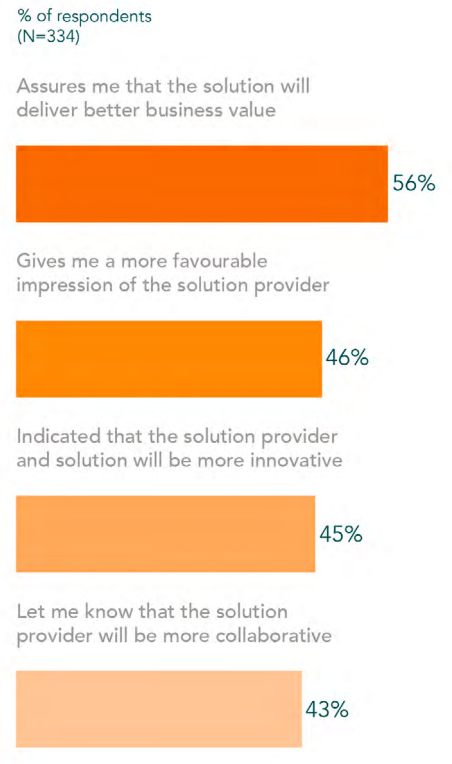
However, the bold move of maintaining – or even increasing – your marketing investment will deliver an advantage. Your share of voice will increase as your competitors scale back. And, given the correlation between share of voice and share of market, there’s a good chance your share of wallet will also grow.

CBX data seems to support this hypothesis (Figure 1). Amplifying your share of voice through customized content can have a significant impact in terms of positioning you as a credible, trusted partner.

Even though downturn is a scary term, it can be an opportunity for growth led by a marketing organization that has the courage and the confidence to:

- Double down on your installed base
- Play the incumbent advantage
- Make the business case
- Dig deeper

**Figure 1: What value do enterprise accounts see in customized content?**



Note:  
Multiple responses allowed.

Source:  
Momentum Group,  
CBX Survey 2022, Wave 1



## What should marketing do?

### Double down on your existing customers

It's an axiom of B2B marketing that it's more cost-effective to upsell an existing customer rather than acquire a new one. Despite this, many companies are seduced by the lure of new logos and neglect their base, assuming they'll stay loyal.

With reason – surprisingly few large enterprises are actively unhappy with their current provider. The bigger issue is that many enterprises are facing a challenging set of circumstances and simply are not sure if their incumbent provider can help them.

This leads to a major CBX insight that in 2022 enterprises are increasingly open to considering new providers (Figure 2).

The CBX research found recurring reasons why enterprises are tempted to turn away from the incumbent, including:

- A desire to become more agile
- An aspiration to make greater use of digital technologies and AI
- The awareness that there are newer and better solutions out there

Part of what's going on here is buyers focusing more on new types of solutions, so incumbents may be less able to win as many deals, since they don't have the right capabilities. Or, more pertinently, the customer doesn't think the incumbent can do the job.

Figure 2: Are you more open to new providers?



Stayed with the incumbent



Moved to a completely new provider

Source:  
Momentum Group,  
CBX Survey 2022, Wave 1

### The takeaway?

Make sure you are communicating clear messages to your existing accounts about your experience and capabilities – not just in what you're already known for, but also in some of the newer areas where the account may be looking for help.

## Play the incumbent advantage

Keeping in mind that businesses are open to working with new providers, it's vital to remember that as the incumbent, you do have potential advantages.

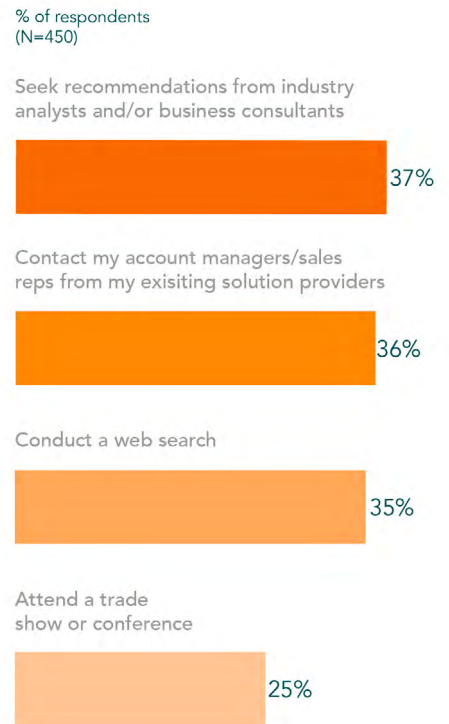
For example, CBX suggests a correlation between a smaller than average buying team and a decision to stay with the incumbent. The data also suggests an incumbent is likely to enjoy an appreciably shorter sales cycle.

When evaluating the incumbent versus a potential new provider, enterprise customers focus their assessment of the incumbent on subtly different criteria:

- How flexible are you in the way you work?
- What is the caliber of your team?
- What is the quality of your existing relationship?
- Do you have proprietary tools and methodologies?

A key CBX finding is that enterprises see your account team as a very important conduit of information to help them as they initiate a new buying process (Figure 3). For more than a third of large enterprises, it's one of the first steps they take.

Figure 3: What are your first few actions when you initiate a buying process?



Note:  
Up to two responses allowed.

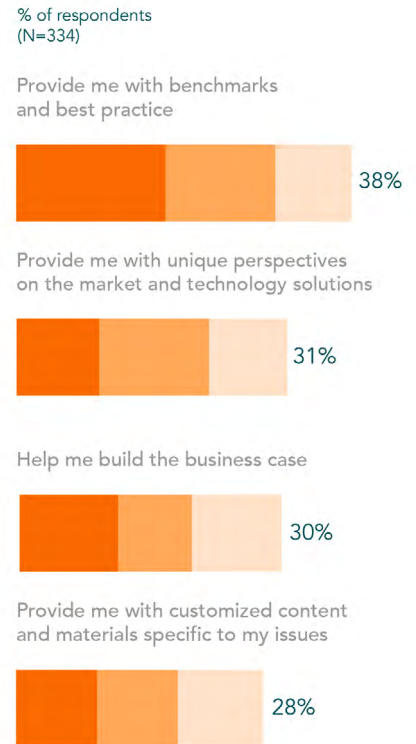
Source:  
Momentum Group,  
CBX Survey 2022, Wave 1



“Doubling down” means ensuring your account team is equipped to meet the expectations of your key accounts. When the account approaches your sales team for advice, make sure the sales team knows how to position your newer digitally-focused capabilities.

There’s another factor at play, too. Large enterprise customers have evolving requirements and expect your sales team to align with these prerequisites. In some cases, these expectations are very different to traditional sales functions (Figure 4).

**Figure 4: What do you expect from a provider’s sales rep?**



Note: Respondents were asked to rank the top three in order of importance.

Source: Momentum Group, CBX Survey 2022, Wave 1

## The takeaway?

Marketing has a key role to play in helping sales respond appropriately to not just the account’s current needs, but also to anticipate what it may need in the future.

## Make the business case

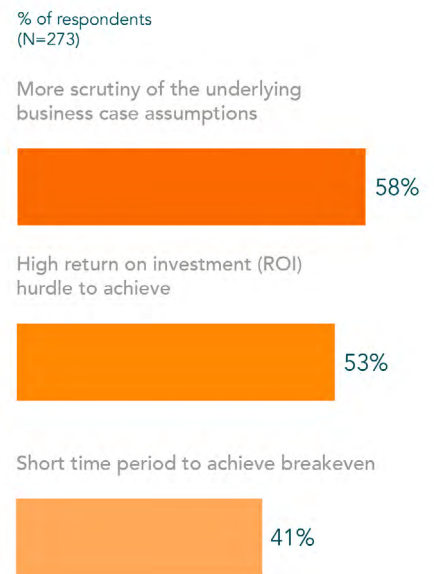
As the downturn tightens its grip, many enterprises will become more reluctant to commit to planned investments. As a direct consequence, there is likely to be increased scrutiny of business cases. CBX insights suggest this is already becoming a factor for many enterprises, with 6 in 10 reporting the business case is now becoming a significant challenge.

Your sales team and your marketing content need to focus more on outcomes. The customer mindset is likely less about visionary blue-sky thinking and more about financial calculations and results. The CFO is becoming an increasingly important stakeholder on the customer side.

Do you have a relationship with the customer's finance team?  
Can your sales team talk to their KPIs?

Other practical steps here might include sharing case studies from customers in similar industry sectors, with data points to prove the ROI (Figure 5). In tough economic times, you'll find far more fast followers than first leapers.

**Figure 5: Why is the business case becoming more challenging?**



Note:  
Multiple responses allowed.

Source:  
Momentum Group,  
CBX Survey 2022, Wave 1

## The takeaway?

Help your sales team help the customer sell internally.  
Provide proof and speak in the language of the customer.



## Dig deeper

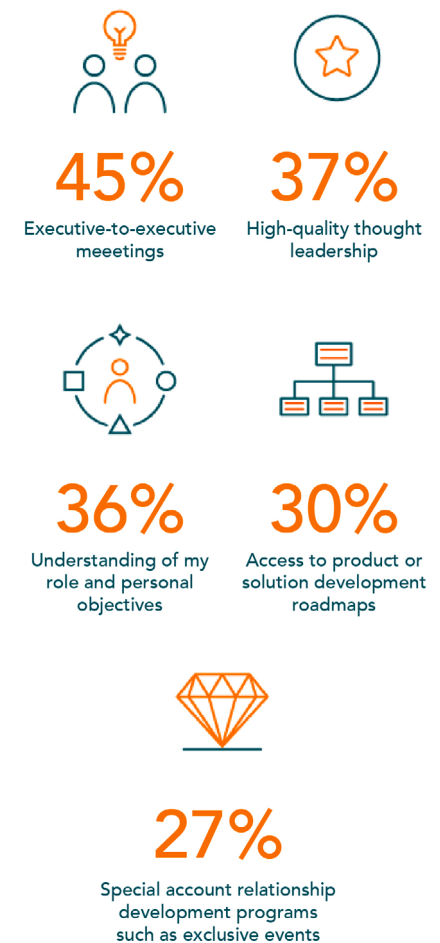
Many large enterprises are looking to rationalize their portfolio of providers. The downturn is likely to accelerate this trend.

So, what can you do to retain your status as a trusted advisor?

CBX provides useful insight here. There are specific actions you can take to develop and foster trust, and this forms a checklist for sales and marketing to use as they consider their relationship with an account (Figure 6).

Figure 6: What behaviors instill trust in the minds of customers

% ranking as "agree" and "strongly agree"  
(N=183)



### The takeaway?

Look at the strategies that drive trust. Which do you have in place already? What can you do more of and what should you do less of?

Ensure your marketing aligns with what drives trust.

## Turning a downturn on its head

Sun Tzu is credited with coining the phrase  
“In the midst of chaos, there is also opportunity.”

An economic downturn is chaotic and presents a potential danger to many enterprises. These changing circumstances demand a flexible response.

However, CBX insights suggest there are specific strategies you can adopt and actions you can take to rein in and perhaps capitalize on this chaos. These actions do not necessarily cost more, but they do require you to reassess and recalibrate your approach to your most important accounts.

The good news is, even in a chaotic marketplace and an economic downturn, marketers have the opportunity to drive growth.

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To find out more about CBX, ITSMA, the Momentum Group, Growth Hub or our community of B2B marketing professionals, contact:

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