

October 20, 2008
ADVERTISING

Resolved to Keep on Marketing, Even in Tight-Fisted Times

By [STUART ELLIOTT](#)

ORLANDO, Fla.

ATTENDEES of a big annual conference for marketers, held here last week, could have been forgiven for believing they had stumbled into a symposium for scholars of American history in the 1930s.

These are some of the words and phrases heard during the conference, the 98th annual meeting of the Association of National Advertisers: “financial crisis,” “scary,” “foreclosure,” “economic crisis,” “difficult times,” “the chaotic financial markets,” “devastating,” “under siege” and “unprecedented.”

There were even references to “Happy Days Are Here Again,” which became the unofficial theme song of those who fought to forestall the effects of [the Great Depression](#), and to “the only thing we have to fear is fear itself,” the encouraging words of [Franklin D. Roosevelt](#) during his first inaugural address, in 1933.

“The consumer is sitting at the bottom of a bunker with his head in his hands, wondering if it’s safe to come out,” Jez Frampton, global chief executive at Interbrand, an [Omnicom Group](#) agency specializing in corporate and brand identity, said during a general session of the conference.

“It’s up to us to stimulate demand in the marketplace again,” he added.

•

Whether the members of the association — 400 companies that together spend an estimated \$100 billion a year on advertising and other forms of

marketing — are willing to stick to the spending plans they made “before the globe went mad,” as Mr. Frampton put it, is a crucial question.

If marketers cut budgets, that could intensify the recent sharp downturn in consumer spending. Conversely, by maintaining — or increasing — spending levels, they just might shorten the length of whatever recession might be coming (if it is not already here).

“Look, everyone is going to want to cut, but no one wants to be first to say it in public,” said one attendee, who spoke on the condition of anonymity because his company has not completed its planning for 2009.

“That’s especially true given that we still have some time before Christmas,” the attendee said, referring to the importance of the holiday shopping season for marketers and retailers. “Anyone who says anything now could go down as the Grinch who stole Christmas.”

The closest any speaker came to tipping his or her hand was Anne Saunders, brand and advertising executive at [Bank of America](#).

“We aren’t done planning ’09 yet,” Ms. Saunders said, so “we’re not concluding at the moment that we would necessarily cut” spending.

If a decision is reached to make cuts, “we don’t expect to see a substantial cut,” she added, because “it would be a mistake to say you don’t need to continue to tend your brand, even in a challenging market like this.”

Other speakers made the same point, in more emphatic and colorful language.

“It’s incredibly important to be risk-takers in the economic climate we’re in,” said Michael Mendenhall, senior vice president and chief marketing officer at [Hewlett-Packard](#), when “people have a tendency to pull back.”

“In economic times like these, you don’t hunker down and go in the bunker,” he added.

Rebecca Saeger, executive vice president and chief marketing officer at the [Charles Schwab Corporation](#), quoted Mr. Mendenhall approvingly in her remarks and added: “Let’s all go for growth. Let’s see this as an opportunity.”

Increasing sales and profits has “never been more important,” said Ms. Saeger, who was elected during the conference as the chairwoman of the association for 2008-10. “There has never been a more crystal-clear realization of why you need a strong brand.”

Joseph V. Tripodi, chief marketing and commercial officer at the [Coca-Cola Company](#) — whose Coca-Cola brand is the strongest in the world, according to a new survey by Interbrand — evoked imagery from the Great Depression.

“Don’t go to the ledge,” Mr. Tripodi said. “Don’t let the urgent overwhelm the important.”

“It’s very easy now to panic, and we cannot panic,” he added. “Invest in your brands now, especially in these dry times. The easiest thing is to shut down, and that’s the worst thing.”

James R. Stengel, who is retiring from his post as global marketing officer at [Procter & Gamble](#), was asked whether consumers seeking to save money might be tempted to switch to private-label products from brand names. That would mean paying less attention to ads for brands — no matter how much marketers spent.

That is unlikely, Mr. Stengel replied, if marketers understand that “in these times, people are looking for the right value.”

“If we’re there for consumers when they need us,” he added, “I’m sure we’ll be fine.”

Procter, the world’s largest advertiser, survived “tough times” in countries hit hard by recent economic crises, Mr. Stengel said, like Argentina and Russia. He even remarked on how Procter made it through the ’30s.

Two speakers described how the upheaval in the American economy is inspiring advertising campaigns.

“Right now, given where America is, people need to go back to the comfort of home,” said Mark Addicks, senior vice president and chief marketing officer at [General Mills](#). So a new campaign for the company’s Pillsbury brand will carry the theme “Home is calling.”

A commercial that Mr. Addicks showed, by the Saatchi & Saatchi division of the Publicis Groupe, began with people from all walks of life clicking their heels together like Dorothy in “The Wizard of Oz” and ended with a family coming home to a meal with Pillsbury crescent rolls.

-

Claire Bennett, senior vice president for marketing at [American Express](#), said the “challenging environment” gave her brand “a unique opportunity” because of its “legacy of trust and confidence.”

“We will be talking about that in the coming months,” she added, and “our own card members can speak for us.”

The entreaties of the speakers may have influenced the estimated 1,200 attendees at the conference, based on results of instant polls during two general sessions.

Asked about immediate plans, 33 percent of respondents said they would maintain the level of their marketing spending, 33 percent said they would reduce spending and 27 percent said they would spend more. (The rest were unsure.)

And when asked about 2009 compared with 2008, the largest number of respondents, 28 percent, predicted stability, followed by 26 percent who forecast spending increases of more than 10 percent. Nineteen percent predicted decreases of more than 10 percent, 14 percent predicted decreases of less than 10 percent, and 13 percent predicted growth of less than 10 percent.