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Selling in the New Economy

Several years ago I wrote a Link & Learn article entitled “Selling in a Tight Economy.” I wrote this at a time when the leading economic indicators were painting a grim picture. The economists were absolutely correct and in the last several years we have weathered the most severe recession in decades. Fortunately those same indicators are projecting an end to the recession and a slow but steady economic recovery. Like any major event, the recession transformed the economic and cultural landscape. Sales people need to adapt their approach to fit the new reality. Here are some things to keep in mind when selling advertising in this new economy.

The “New Normal”

Economists and sociologists have begun to talk and write about the “New Normal” or “The New Frugality.” These terms describe the significant effect of the recent recession on the psyche of American consumers and how this change will impact their behavior in the long term. Since the recession was the worst economic event in decades, generations of Americans found themselves in unfamiliar territory. Baby boomers saw their savings erode and many younger people saw their dreams of home ownership evaporate. Many workers found themselves unemployed or felt their jobs were at risk. For decades prior to the recession, savings rates in the United States declined steadily while indebtedness increased. Our economy was fueled by unbridled consumerism and “He who dies with the most toys wins!” became our defacto national motto. Conspicuous consumption was seen as the way to gain social status. The recession caught many people in a credit crunch forcing them to make significant changes in their behavior. The recession delivered a body blow to consumer confidence, leaving them much more cautious. A report issued by Rutgers University concluded “Once the recession runs its course ‘prudence and pragmatism’ are likely to replace the risky behavior of recent years.” A Gallup poll found that “32% of respondents say they’ve been spending less in recent months and that they expect the curtailed spending to be their normal pattern for years to come.”

The Silver Lining in the post recession cloud

The new watchword of the American consumer is “Value.” People still have wants and needs; they still need to spend money to satisfy those wants and needs, they are just more careful about how they spend their money. According to a study conducted by Accenture Global Services titled, “*The road to recovery, Consumer Behavior in the New Economy*”:

- 48% of consumers were more likely to be shopping for better deals as a result of the recession, while only 23% plan to remain loyal to tried and true providers

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- Nearly 70% of consumers have changed their mix of providers in at least one industry category in the past 6 to 12 months
- Price and value are the leading factors influencing change decisions
- Few consumers were willing to give up product quality (6%), product options (17%) or quality of customer service (11%) simply for the sake of lower pricing

This is good news for the free and community paper industry. We have always been focused on offering our readers more for their money. Our ads tend to be offer oriented and our papers are full of coupons and weekly specials. In the past competitors would use this against us—“Only people who are trying to save money read those papers!” When everyone is trying to save money this is not a bad thing. People from all socioeconomic and age groups are now looking for ways to maintain their lifestyle while cutting expenses. People who used to brag about how much they spent now talk about how much they save by being a clever shopper. This is why the free paper industry has not been hit as hard as other media by the recession.

Another post recession trend that benefits free and community papers is “hyper localism.” This refers to the growing tendency of people to do business closer to home rather than drive to larger shopping areas. This is driven by the desire to save fuel by staying close to home and to avoid the temptations of the big destination stores. Our papers have always been true community papers; we let people know what is available from local businesses. We let local businesses be the “Big fish in a small pond”. Today this local focus is even more valuable to our readers and advertisers. Our papers let consumers save money without leaving the neighborhood.

Selling advertising in the post recession period

Our advertisers are much like the consumers they serve. They have seen their earnings reduced and many came close to losing their business. They have become cautious and conservative in their spending. They find themselves in a changed business environment and are feeling their way through it. It is our job to help them find their way and show them how to get the most from their advertising budget. To do this we must:

Take the time to listen to customers – to deliver value we must understand the customer’s business and their customers. We need to know what sets the customer apart from his/her competitors and what they offer our readers. Without this information we can not develop a high value program for them.

Be prepared – risk adverse customers must be reassured they are making a wise

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decision. Have circulation figures, research and testimonials at your fingertips on every call. Customers need to feel that they can reasonably expect a return on their investment before they will buy from you.

Plan to deliver value – Think about your recommendation. You should be able to explain how each part of the program adds value for the customer. Be ready to explain why frequency matters and the benefit of staying in front of potential customers. Include spec ads and creative marketing ideas in your planning.

Make sure your customers “bait the hook” – advertisers must give consumers a reason to come to them. To be effective, ads must clearly offer value to the reader. Ads should offer specials and describe value-added services in detail. Coupons are especially effective. It is also important to offer evidence of the customer’s reliability. Value oriented consumers want to know that the advertiser will be there to offer service after the sale. Effective advertising programs lead to long term customers.

Talk about the long view – it is important to manage your customer’s expectations in the post recession period. Cautious consumers will need more convincing before they make a buying decision. Advertisers should think in the long term, they should think about positioning their business as providing value. Remind the customer that research shows that businesses that advertised aggressive during and after a recession gained market share and prospered as the economy recovered. Even in a tight market they can grow their business by taking share from competitors that do not advertise and by capturing the customers of firms that have left the market.

It’s a tough job but somebody’s got to do it

The last several years have been very challenging for everyone. Salespeople, particularly print advertising sales people, have been forced to overcome significant challenges. The recession is coming to an end but this doesn’t mean our jobs are going to get easier any time soon. The good news is that we are the survivors, the skills we’ve used to get us through the past few years will now help us to prosper as the recovery gains momentum. In good times, in bad times and the times in between, our most important ability is our ability to adapt to every new situation. In the words of Mark Sanborn, “Your success in life isn’t based on your ability to simply change. It is based on your ability to change faster than your competition, customers and business.”

This article was written by Jim Busch of the Pittsburgh Pennysaver.

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