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HOW TO SURVIVE IN RECESSION

Exclusive white paper for small business

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Economic recession is a depressing truth in the economic process. It has been a constant threat to the businesses around. Large businesses initially affected by economic recession and started to cut their expenses. While, small businesses in this situation can find new opportunities to grow. Large enterprises can provide opportunities to small entities, but it's up to the small business how it avail the opportunity and sustain during recession.

One reason of this opportunity is that, when large enterprises reduce their cost they usually cut their administrative and supplier cost, and ultimately small businesses can get this opportunity when big entities are looking for low cost suppliers.

So while many businesses are shutting down or shattering along, there remain some businesses that have found opportunities. Hence, you can also do well if you go along with the right business strategy.

Don't think recession is bad

When the news of economic recession started to circulate, everybody go panic, specially the small businesses owners. You must know the reality that small businesses are the last in the line to be affected by the bad situation. The positivity of economic slump is that it creates new business opportunities. But to remain productive and competitive, one must stay positive and clam even in the dreadful situation. Your positive attitude will let you to stay focused and keep your customers coming back to you.

We know it's hard to be positive and smiley when everyone is overwhelming and running to save himself from the crisis. Just think if you go with negative feelings during the harsh time, it not only crashes your business but also affect your energy level and effectiveness.

Remember recession is only a temporary condition. If there is a bad, there must be a good. Making yourself positive will make your business productive even in time of worse economic crisis.

Get rid of the fear of failure, take action

Now you should get ready to face the consequences and make a practical plan. Its time for you to cut your expenses, re-organize processes and find new ways to improve customer loyalty.

You have to be efficient and quick in decision making to recession proof your business. Fear of failure will already make you fail; instead, you should take bold steps in spending and other decisions to survive in harsh times. Think of new ideas, get feedbacks from your customers, and change your product specifications according to the condition. Supply those goods and services which are desired by the customers most.

Economic crisis doesn't mean that people stop buying products, but they just limit their spending to their needs only. Making your customer loyal to your business would be the ultimate goal of small businesses during the economic crisis.

Keep your eyes open

Small businesses have much more flexibility and capability, and they respond quickly to changes in marketplace. A small business has a greater potential to grow in recession, but a business owner must remain alert to the threat and opportunities as they arise.

You must have heard the proverb that "Early bird catches the fresh air", a small business entrepreneur must be early in taking advantage of the opportunities arise in the market before competitor do it. Be resourceful and intuitive, and be prepared for the threats as well when the time is tough.

Add unique value to your product or service

During recession, people cut their expenses and avoid buying the luxury items. They prefer to buy those products which they actually need. So, small businesses need to reshape their product according to the need of customers. Creating value in your product or services for customer when the time is ripe would ultimately bring back your old customers and also allow new customers to buy from you.

Re-branding, re-packaging, reducing size of the pack, or creating unique selling proposition are involved in creating difference and value in your product. Adding value in recession not only provides difference in your product or service, but also gives competitive edge over your competition.

Promise and deliver value

Now after creating a difference in your product, it's time to deliver what you have promised. Customers in time of recession only go for that stuff which provides value and satisfaction, and failure in providing such value will make you to lose your reputation in the market.

Your first goal during economic downturn should be to retain your old and loyal customers. It's your ultimate responsibility to make them to continue purchasing from you without looking at your competitor. Praise your loyal customer by appreciating their purchasing during tough times. Reward them with special discounts, loyalty cards, or gift certificates if possible.

Develop low budget but effective marketing plan

Researches show that when businesses stop marketing or limit their marketing efforts during time of recession, they usually unable to sustain. Marketing is the important aspect in both times during recession or non-recession. You should develop low budget but effective marketing plan if it is extremely necessary to reduce marketing cost. Focus more on those marketing channels which are less expensive but more effective in return.

Your website can play a vital role to marketing effectiveness in bad times. You can emphasize on amazing things like low cost SEO plan that will make your website to rank higher on search engines and drive more traffic to your website. You can use email marketing tactics to effectively communicate with your old and prospective customers, and keep them updated with your new offerings and loyalty programs. You can take advantage of blogging that allow people to learn about your company, and you can also take the help of new media like 'twitter' or other social networking sites to reach your potential buyers and let them to know about you more frequently.

Also word-of-mouth marketing efforts could be used as the most powerful tool during recession. Word of mouth recommendations are often the most trusted form of marketing. When your products have a unique value, your customers who already are buying from you will spread your credibility through referring others to buy from you.

But with new types of marketing, the role of traditional marketing cannot be neglected. You should also spend some amount on traditional marketing media such as television, radio and newspaper ads.

Cut the right cost and spend wisely

Cutting cost during recession is unavoidable, because spending spree cannot be afforded by any business whether it is small or large. But cutting the right cost is the key to success during downturn. You should assess your main areas of expenditure like equipment, staff costs, premises and supplier and cut that cost which can increase savings without affecting the business process. Look for new supplier who can provide the same quality in relatively low prices. Keep check on your overall, top-to-bottom money flow.

But businesses that cut marketing/ advertising budget or reduce product quality tend to under-perform. Now look at your budget and weigh the effectiveness of your marketing and advertising, and brainstorm before cutting the marketing budget if extremely compulsory.

Finally, the sum-up of all the discussion is that recession is bad only when you think it is bad. Recession is a temporary situation which is unavoidable. Practicing the right business plan allow you to operate successfully during recession and let you to grow even more when recession is over. One important thing should be kept in mind that you should not limit your marketing activities as marketing is the key to success during economic slump.