How to get your brand heard in a recession and boost your ROI

Avoid the urge to slash ad budgets and adopt a sombre tone in a recession, advises DDB London's **Sarah Carter**. The opposite did wonders for Barclaycard in the 1990s

IT IS 1991. BRITAIN has slid into a deep recession. Interest rates are high. House prices are falling rapidly. People are losing their jobs and reining in their spending. Sounds familiar?

You are managing the UK's second-largest credit card brand. New competitors are entering your market. People are understandably more wary and distrustful of credit. Growth has reached a plateau, but costs are rising sharply. The brand has just made its first loss.

What do you do? Your inclination is probably to play it safe: maybe match competitor offerings, cut prices or increase promotional offers. You'll almost certainly be tempted to scale back advertising investment and look for a more sober tone of voice in your remaining advertising to match the mood of the hard-pressed public.

You probably wouldn't increase your brand's price, introducing a new charge of £8 when previously it was free. Nor would you rush to increase costs by introducing new product benefits and then more than double the ad spend.

Finally, it's unlikely, amid the economic gloom, that you would introduce a hilarious new creative idea with the brand spokesman a bungling, arrogant spy played by an up-and-coming comedian. A spokesman who, moreover, dismisses and mocks the value and usefulness of your brand.

But all this is what Barclaycard management did at the height of the last recession - and it paid off handsomely.

In a step-change in performance, Barclaycard's fortunes were reversed and growth and profit were restored. In fact, after just three years, it toppled the mighty Access (the number-one credit card brand at that time) to become, and remain, brand leader. Before the decade was out, the Access brand was no more.

It may be more than 15 years ago, but many of us remember the Rowan Atkinson Barclaycard ads - the burning carpet from the Egyptian souk, the broken teapot wedding present, the reluctant attempt to suck out the venom from a snake bite on a remote tropical island. But some of us have probably forgotten that this campaign began in, and ran through, the worst recessionary years of the 19905.

I was lucky enough to work as the planner on this campaign for six years, from its inception in 1991 at what was then BMP DDE. It's a remarkable success story. But more interestingly, it's one of the best examples I know of how recessions can sort the marketing men from the boys - offering opportunities to those who are smart and brave enough to recognise and exploit them.

As Wal-Mart founder Sam Walton said: "I was asked what 1 thought about the recession, I thought about it and decided not to take part."

So how did Barclaycard decide 'not to take part? And more importantly, what lessons and opportunities can we draw in our current fearful times for marketing and advertising decision-makers, many of whom are experiencing their first economic slowdown?

First, the story of Barclaycard's turnaround (i).

Barclaycard in the early 1990s

By 1990, important changes were taking place in the credit card market, which threatened the position of the two dominant brands -Access and Barclaycard.

Both brands had enjoyed strong growth in cardholders and turnover during the past decade, driven by increased retailer acceptance, consumer familiarity and heavyweight, populist advertising campaigns (Barclaycard had for years used Alan Whicker, while Access had the cartoon 'flexible friend'). But by 1990, the wheels were starting to fall off.

Credit card penetration increases had levelled off and the introduction of debit cards and financial deregulation in the late 1980s had dramatically increased the number of competitor cards. On top of this, recession was starting to bite. People were nervous about taking on debt and were reducing their spending. Meanwhile, the cost of funds to credit card issuers such as Barclaycard was increasing, so margins were squeezed.

Barclaycard was losing share of market turnover and share of new card holders.

The result was that profits halved in 1989 and Barclaycard made a loss in 1990. Its management decided they needed to take a radical look at their product, positioning and communication.

First, they re-engineered the product. An annual fee of £8 was introduced (this may seem like no big deal but there was considerable consumer resistance because credit cards had always been given away free until then).

Importantly, though, to go some way towards offsetting this charge, new cardholder benefits were introduced: Purchase Cover (100 day insurance on any item bought with a Barclaycard) and International Rescue (assistance and

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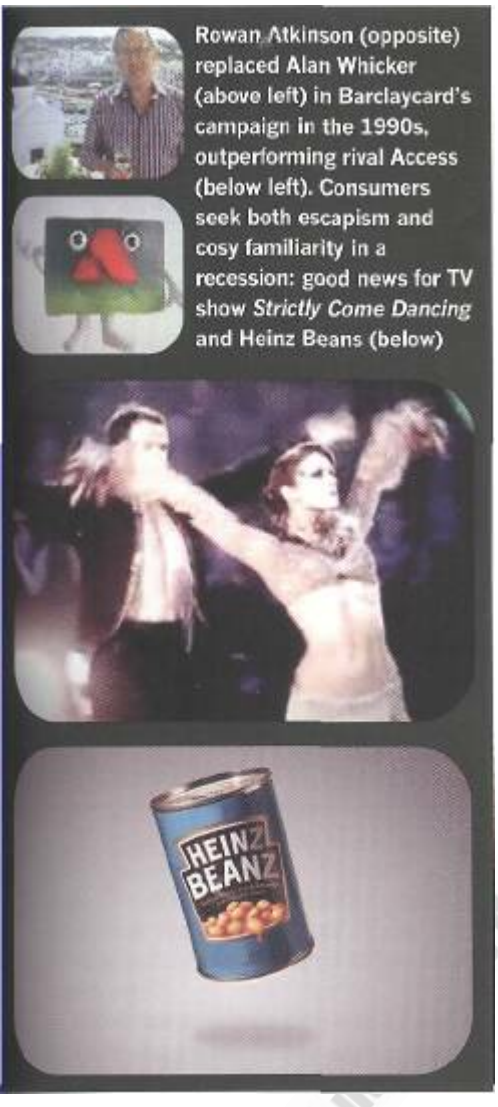


Rowan Atkinson (opposite) replaced Alan Whicker (above left) in Barclaycard's campaign in the 1990s, outperforming rival Access (below left). Consumers seek both escapism and cosy familiarity in a recession: good news for TV show *Strictly Come Dancing* and Heinz Beans (below)

advice when travelling abroad). These benefits had previously only been available from exclusive, high-fee charge cards, such as American Express. In fact, we summed up our new proposed positioning for Barciaycard as 'Am-Ex for the masses'. This product upgrade strategy was not matched by competitors, who also moved to add annual fees of their own, but didn't introduce product upgrades.

The product relaunch was initially handled without any advertising support. In May 1990, Barciaycard wrote to all its customers with a brochure explaining the new package, supported by telephone contact to answer any queries.

At the same time, BMP DDB was appointed to work on a new advertising campaign for the upgraded Barciaycard.

Since 1981, Barciaycard had run a famous campaign featuring Alan Whicker and his exotic globetrotting - all aided by the international acceptability of his Barciaycard. But this campaign was under review at the time of the relaunch - Whicker's appeal to younger prospective cardholders was declining and the increased competitive market, together with Barclaycard's new, enhanced product, meant international acceptability alone was no longer an adequate competitive positioning.

The objectives of the new campaign we needed to develop were to halt and reverse the declining share of turnover and to reverse the decline in Barciaycard uptake - particularly among younger cardholders. In short, we needed to encourage more people to get, keep and use their Barciaycard more often.

Standing out

We knew from research that people tended to see all credit cards as being much of a muchness. Barclaycard's new product benefits were obviously potentially ways to change this, but research showed that although awareness levels for the product changes were pretty good (a result of the brochures sent out and good levels of editorial coverage), the changes were not particularly valued or seen to be different. Typical comments were "where's the catch?" and "I expect they all do that, don't they?".

So the role for our new advertising was to make these product benefits real, believable, valued' and associated with Barciaycard. It was no mean task to come up with something to replace Alan Whicker. This was one of the great long-running campaigns of the 19803 and it took some time (2). But we eventually struck gold with Rowan Atkinson as bungling secret agent Richard Latham, accompanied by his able assistant, Bough,

Although equipped by Q with a Barciaycard, Latham always dismisses its usefulness and so is repeatedly left without support or protection when things inevitably go wrong. Three films were made in the first year, featuring different benefits. By the end of 1995,*14* films had been made featuring eight different product stories.

Splash the cash

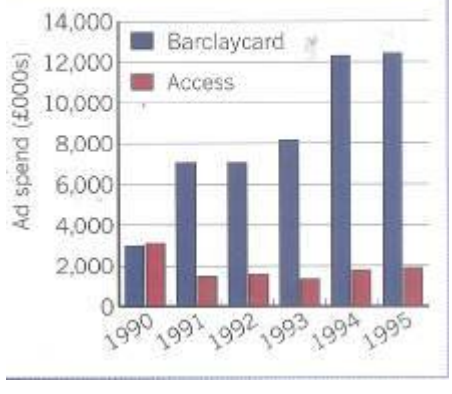
The media budget for 1991 was set at more than double that of the previous year. This was necessary to rapidly establish the new creative idea (and displace the entrenched awareness of Alan Whicker), to support three bursts at key periods of the year for credit card usage, and to support the three new 6o-second films. The first set up the new campaign, as Latham is given his Barciaycard, and the other two featured each of the new product benefits.

The budget increase was, in truth, primarily a response to the needs of the new marketing strategy, rather than being made directly with an eye on the recessionary environment or on the budget of brand leader Access.

But the net result of all these factors was that ad spend for Barciaycard more than doubled, while Access halved its spend as it responded in a different, more typical way to turbulent market conditions. These changes in relative ad spend continued for the next five years, providing a serendipitous opportunity to learn about the effects of significant change in relative competitor spend in the midst of a recession (Figure r).

By any measure, Barciaycard had a hugely successful new campaign on its

FIGURE 1
Barclaycard and Access ad spend



hands. In a *Campaign* poll of the public in 1996, Barclaycard was voted the third best liked advertising campaign in the UK - not bad for the credit card category, which is hardly warmly regarded.

Awareness of the new Atkinson advertising grew rapidly and had soon replaced memories of Whicker. By the end of the first year, Barclaycard ad awareness more than tripled, while awareness of Access halved (Figure 2).

The ads communicated the new product messages successfully, with the result that perceptions of Barclaycard started to pull away from Access and towards Amex - reflecting our new brand positioning.

Share of cardholders increased and, by 1993, Barclaycard had overtaken Access as brand leader (Figure 3).

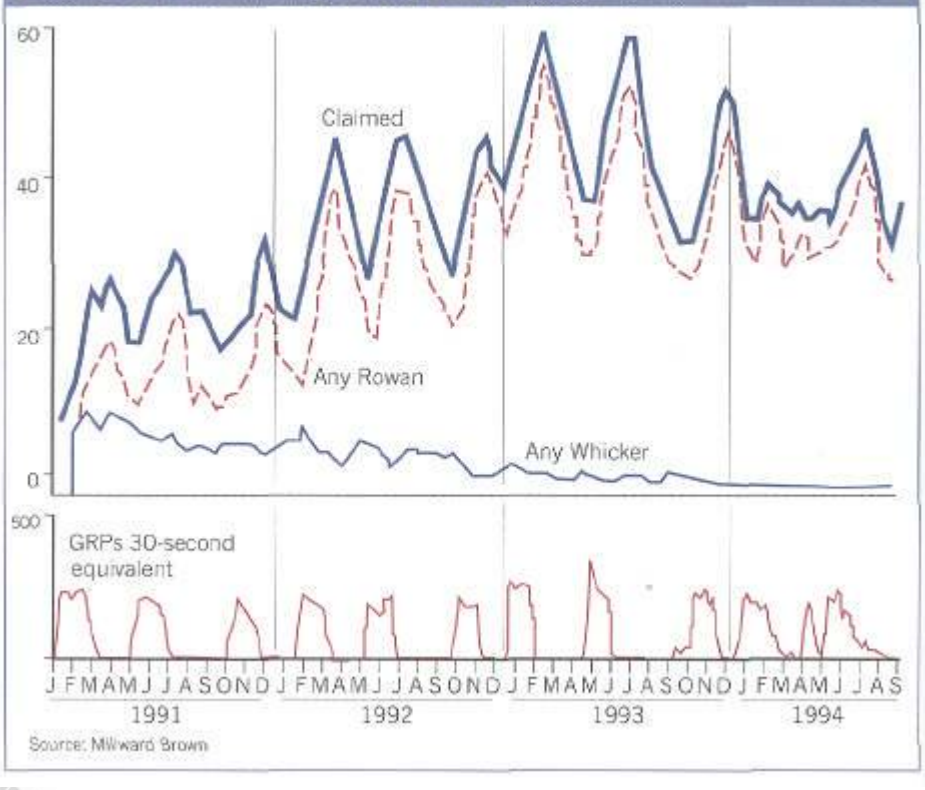
Finally, Barclaycard's long-term decline in share of turnover was reversed. Econometric modelling showed the advertising was increasing total turnover per Barclaycard Visa card by around 3% each year (this may sound modest, but total market turnover was around £3obn annually and Barclaycard had about a third of the market).

And what of Access? It also added an annual fee but didn't improve the product. Access advertising was inconsistent, advertising investment remained low and it continued to lose share of card holders and turnover. By 1996, in a remarkable reversal of fortunes, the formerly largest credit card brand was no more - it was sold to Mastercard, which axed the Access name.

So what can we learn to help us navigate our brands through the current turbulent waters and emerge fitter and stronger on the other side? Here are five lessons for confident marketing and communication in an economic downturn.

FIGURE 2

Barclaycard advertising recall, 1991-1994



1: Make yourself heard

If you are in a room full of people and they are all talking, all you can hear is noise. But if everyone except Bob stops talking, suddenly Bob is heard loud and clear. In fact, to take the analogy a stage further, even if Bob starts talking more quietly, he can still be heard. So, like Barclaycard, smart recessionary marketing means not waiting for business to return to normal. Instead, you should cash in on this invaluable opportunity your more cautious competitors may be creating for you. If they pull back, your media investment works much harder. In fact, you can still pull back and benefit - as long as you pull back less than your competitors.

The cost of advertising tends to fall sharply in a recession. Media prices are low at the moment - TV costs are currently back at early 1990s levels - and we expect they will fall further. Because advertising prices tend to fall faster than consumer spending, return on investment from advertising tends to go up in many categories in a recession.

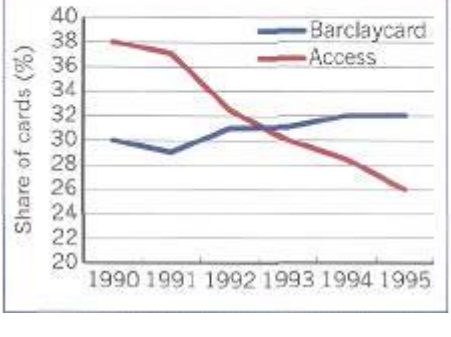
Why does increased share of voice matter? There is plenty of empirical evidence to show the close relationship between share of voice and quality perception of a brand relative to its competitors. Data shows that perceived quality is the single most important factor affecting profitability (3). This is because high quality ratings allow firms to boost market share and charge premium pricing - exactly what we saw with Barclaycard.

2: Spend and you will be rewarded

Evidence shows that cutting advertising doesn't boost short-term profit by much, but it does damage long-term profit significantly. PIMS data again showed that

FIGURE 3

Barclaycard and Access share of cards



the largest increases in profitability in recovery years were experienced by those companies that increased their marketing activity during recessionary times. So, maintaining marketing spend should boost long-term shareholder value and put some clear water between your brand and less enlightened rivals.

Evidence also suggests that stock markets, far from focusing exclusively on the short term, do understand and value this. Witness the contrasting recent City response to Reckitt Benckiser, which is confidently increasing marketing and NPD investment this year, compared with Unilever, which is not.

FIGURE 4

Changes in brand perceptions 1990–1994 (% agreeing)

	1990			1994		
	BC	Access	Am-Ex	BC	Access	Am-Ex
Provides special benefits and services for cardholders	22	22	38	45	34	37
Provides special emergency assistance anywhere in the world	17	17	45	59	29	47
Provides insurance cover on goods bought with the card	15	14	37	65	38	32
Provides high quality customer services	22	23	33	45	38	33

Source: Millward Brown

3: Look for the opportunity

Just as in athletics races, positions tend to change at the corners, so periods of economic change can be exploited by brands to change competitive position. Smart marketing keeps close to changing consumer needs and behaviour. People don't necessarily stop spending when the economic going gets tough, but they look harder for value in the brands they buy.

If people are saving in some areas to spend more in others, it makes sense to pull back and look at the broader context that your brand operates within. Where is it competing now? Where could it compete?

Barclaycard benefited by refraining its brand away from being an expensive 'vanilla' credit card and towards becoming a more affordable Am-Ex-like added-value payment brand (Figure 4).

Similarly, Marks & Spencer and Waitrose are smartly running ads talking about their offer of a Saturday night meal in for two for £10. Like Barclaycard, they are facing a different way, reframing themselves away from the image of expensive supermarkets and towards a far better value "eating out" meal proposition. Budget airline Flybe is reframing from holiday to business - talking about how its frequent services help businesses to keep visiting customers in person, but at a lower cost. This is smart marketing.

Recent research by G2 (4) found that the first distinct downturn change in consumer behaviour was simply thinking more about the brands they choose - even in previously low interest' categories. It is a great time, then, for marketing people to either reinforce core brand values or give people new reasons to rationalise their original brand choices, The product benefits Barclaycard introduced in 1991, such as purchase insurance, are a great example. We called them 'functional alibis', reflecting the fact that people hardly ever used or claimed on these benefits, but they were great post-rationalising nuggets to justify their brand choice.

4: Don't ignore emotional needs

There can be a tendency for businesses to think tough times mean giving up the 'emotional stuff' and concentrating on the selling. But the reverse may be true - when economic times are tough, perhaps more than ever, we search out brands that give us a lift or make us feel secure.

Just as lipstick sales reportedly perform well in recessions (as women reward themselves with a low-cost treat), and DVD rental companies report recent uplifts in comedy, so people respond to brands that make them feel good. It didn't do Barclaycard any harm to raise a smile in the dark days of the early 1990s.

In 2008, it may be no coincidence that TV show *Strictly Come Dancing* is so popular as people stay in and watch upbeat family TV on Saturday evenings. Heinz beans are selling at record levels - in a recent article, the chief executive of Heinz said people go back to 'austerity' brands that make them feel warm and secure. Bedtime drink Horlicks is also enjoying a renaissance, while Ridley Scott's recent Hovis film feels like a wholly appropriate fit with current financial climate - oozing timeless reassurance and security.

5: Keep a sense of perspective.

We are witnessing a unique combination of events. The media loves a good crisis but there have been recessions before and there will be again. It won't last forever.

The textbook definition of a recession is that it generally only lasts for about 10 months, and the entire period of time when GDP growth is less than 2% usually only lasts about two years. Even back in 1991, the worst year of the last recession, real consumer spending only declined by r.6% - hardly apocalyptic.

Recessions happen. Be brave. Keep looking for the opportunities. He may not have been studying his credit card bill at the time, but as the ancient Greek dramatist Euripides said: "There is in the worst of fortune the best of chances for a happy change."

(1) Put it Away Bough; 1PA Effectiveness Awards Gold Award winner. 7996 Carter, Cook and Feldwick.

(2) A True Story; Paul Feldwick. Market Leader. Winter 2005.

(3) Buzzell D fi- Gale, B (1987) The PIMS Principles. The Free Press, New York, USA

(4) Targeting changing consumer behaviour in a downturn. Ananda Roy. G2 Ltd. Aug 2008

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