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**APPLICATION OF MARKETING STRATEGIES DURING A RECESSION**

***Abstract***

*Marketing is an essential business process, both for maintaining consumer loyalty and maintaining a consistent brand. In the face of recession, these factors become even more important to the business success of companies. In the uncertain times of an economic downturn, many business owners ask themselves, "Can we afford to focus on marketing activities?". During a recession, marketing is probably one of the last things on the minds of business owners. But even in the midst of an economic crisis, the marketing of every business should be a priority. During a recession, marketing investments and self-preservation aren't the only things companies need to keep in mind. Consumer awareness is paramount especially in times of economic downturn. Many studies indicate that consumer behavior, attitudes and perceptions are changing as they become more cost conscious. In developing marketing strategies, this fact should be in the foreground.*

*During a recession, companies and businesses typically use short-term marketing strategies such as discounts and coupons, which can yield quick results. However, this can threaten the long-term growth of companies and maintaining loyal customers. That is why it is important to develop marketing strategies that can not only help in times of recession but can be sustainable in the long term. There are several types of strategies that companies and businesses can apply during a recession such as: flexibility in pricing, giving special offers on certain products for a certain time, expanding sales channels, investing in digital marketing, taking care for regular consumers, adjusting prices according to competitors' prices, etc.*

***Keywords:*** *marketing, recession, consumers, companies, prices.*

**Introduction**

In the uncertain times of an economic downturn, many business owners wonder if they will be able to continue marketing activities. Too often, companies reacting to a recession curb their marketing and advertising spending. Budgets are being cut, roles are being cut, and even company amenities are being cut. At first glance, spending cuts may seem like a logical reflex of the economic downturn, mostly due to the reduced purchasing power of consumers. However, if companies want to maintain their position in the market, marketing activities should be in the foreground. Economic downturns often free up the marketing field and allow companies that continue their marketing activities to attract more customers. During a recession, marketing investments and self-preservation aren't the only things companies need to keep in mind. Consumer awareness is paramount - especially during an economic downturn. Behaviors, attitudes and perceptions are changing among consumers as they become more cost conscious (www.forbes.com). During a recession, consumers set stricter priorities and reduce their spending. As sales begin to decline, businesses typically cut costs, cut prices, and delay new investments. Marketing costs in areas from communications to research are often cut globally - but such indiscriminate cost cutting is a mistake (J. Quelch, K. E. Jocz, 2009). While it is wise to cut costs, failure to support brands or examine the changing needs of core customers can compromise performance in the long run. Companies that put customer needs first and wisely adjust strategies, tactics and product offerings in response to changing demand are more likely to thrive both during and after a recession. Loyalty programs strengthen a brand's relationship with its core consumers and can be a key tool for generating business and strengthening consumer relationships. Nurturing loyalty programs can drive additional business from existing customers by encouraging them to continue spending through rewards, points and benefits. During a recession, companies and businesses usually use short-term marketing strategies. However, it is important to develop marketing strategies that can not only help in times of recession but can also be sustainable in the long term.

**Understanding recession**

A recession is a significant, widespread and prolonged decline in economic activity. A common rule of thumb is that two consecutive quarters of negative growth of gross domestic product (GDP) means a recession, although more complex formulas are used (www.investopedia.com). Recessions are usually only clearly identified after they are over. Investors, economists, and employees may also have very different experiences of when a recession is at its worst. Stock markets often decline before an economic crisis, so investors may assume a recession has begun as investment losses accumulate and corporate earnings decline, even if other recession measures remain healthy, such as consumer spending and unemployment.

Numerous economic theories attempt to explain why and how an economy goes into recession. These theories can be broadly categorized as economic, financial, psychological or a combination of these factors. Unemployment is one of the key characteristics of recessions. As demand for goods and services decreases, companies need fewer workers and may lay off staff to cut costs. Laid-off employees have to reduce their own costs, which in turn reduces demand.

In times of national prosperity, marketers can forget that increased sales are not caused by clever advertising and attractive products alone. Purchases depend on consumers' disposable income, a sense of security about their future, confidence in business and the economy, and acceptance of the lifestyle and values that drive consumption.

Consumers prioritize consumption by sorting products and services into four categories:

1. Essentials necessary for survival,
2. Urgent purchases that consumers consider justified,
3. Items whose purchase can be reasonably delayed,
4. Expendable funds that are considered unnecessary or unjustified.

Research done in this area shows that consumers state that food, shelter and clothing are essential assets, and a large number of them place transportation and medical equipment in that category. In times of recession, except for these items that consumers consider necessary in their daily lives, they consider everything else unnecessary and usually re-evaluate their spending priorities (hbr.org).

During a recession, it's more important than ever to remember that loyal customers are the primary, lasting source of cash flow and organic growth. Marketing is not optional, it is an essential activity to bring in revenue from these key customers and others. It is critical to monitor how consumers re-evaluate priorities, reallocate resources, switch brands and redefine the value of needs.

**Short-term marketing strategies**

Developing a marketing plan takes a long time. It's a step-by-step process that includes identifying and researching your target audience, understanding your competitive position, branding, messaging, differentiating yourself from the competition, mapping your marketing mix, and more. Establishing a marketing plan is one of the most important things that can be done to ensure the success and sustainability of the business.

In order to create a successful marketing plan, it is necessary to define marketing strategies. There are two types of marketing strategies that can be used to develop a business: short-term and long-term marketing strategies.

Short-term marketing activities are those which produce a temporary boost in business and traffic. Short-term success is key to any business. Whether it's a start-up seeking funding or a company looking to successfully launch a new product or service, short-term success is essential to long-term growth. Short-term marketing is the process of using marketing tactics that produce revenue-oriented results. Results are almost immediately visible, but there is generally a lower return on investment. Examples of these results are potential clients or purchases.

Several tactics can be used to achieve short-term success, including (www.launch-marketing.com):

* **Discount Promotions:** Limited-time price reductions encourage customers to act. There are probably individuals who intend to make a purchase but have not yet done so. Lowering the price will give them an incentive to make a purchase.
* **Group offers:** This is an effective strategy for gaining exposure, especially with a new set of customers. Offers can also be adjusted to provide a permanent discount for important groups. For example, you can target members of an organization that fall into your target market. If your goal is to grow your client base within HR, you can provide a special offer tailored to Society for Human Resource Management chapters. However, one should not forget to monitor the performance of group offers. Revenue may not offset the cost of the current price discount.
* **Pay-per-click advertising:** Pay-per-click campaigns are another way for businesses to become visible to new customers. Effective implementation of these campaigns is known to attract significant targeted traffic to the website being used.
* **Trade Shows:** Trade shows offer an excellent short-term way to promote or introduce products and services to a particular market. Additional opportunities in the form of sponsorships, speaking opportunities and VIP parties are often great opportunities to take advantage of the audience at these events.

Short-term marketing strategies are commonly used to achieve immediate marketing goals that often relate to generating sales in the short term. The best way to achieve this is by focusing on existing customers, not new customers. This is because existing customers are the best bet for generating increased sales and increasing profits. Going after a new target audience or new customers should not necessarily be forgotten, but it is not a priority in the near future. These customers and prospects often have the potential to deliver a short-term increase in sales, which can further help attract new customers.

In times of recession companies need to take measures to ensure a sustainable level of business to survive at a minimum level in order to establish a plan for moving forward. For this purpose, a focus on undertaking certain activities is needed, namely (www.forbes.com):

1. **Focusing on value**

During a recession, consumers are more price sensitive than usual. In order to remain competitive, it is important for companies to focus on the value that their products or services provide to customers. This may include features and benefits as well as cost savings that the products or services may deliver.

1. **Flexible prices**

In a recession, consumers often look for a good deal. Companies can offer discounts or other incentives to attract price-sensitive customers. However, care should be taken not to compromise profitability in this process.

1. **Understanding customers**

During a recession, people's needs and priorities change. Therefore, it is important to understand the changing needs of customers and adjust the sales approach accordingly.

1. **Looking for new opportunities**

A recession can also present an opportunity for businesses that are willing to adapt, by seeking new markets, new products, or new ways of delivering value to customers.

1. **Creating a sense of urgency**

Consumers may be hesitant to make a purchase during a recession. To overcome this, it is necessary to create a sense of urgency around certain products or services, such as by highlighting their unique benefits or emphasizing the limited time when a special offer will be available.

1. **Expanding sales channels**

In a recession, customers are more likely to shop on-line or through other remote channels. Therefore, it is important to have a strong on-line presence and explore other sales channels to reach customers.

1. **Investing in digital marketing**

During a recession, businesses may have less money to spend on traditional marketing channels. Digital marketing can be a cost-effective alternative, as it allows you to reach customers on-line at a fraction of the cost of traditional advertising.

1. **Caring for existing customers**

It is important to maintain relationships with existing customers. It is necessary to stay in touch with them in order to show that their business is appreciated.

1. **Awareness of competition**

During a recession, businesses may be more willing to cut prices or offer discounts to attract customers. Companies should keep an eye on their competitors' pricing and adjust their pricing strategy accordingly.

A recession can be challenging for businesses, but it's important that they stay positive and look for new opportunities. It should be remembered that recessions are temporary and that the economy will eventually recover.

**Long-term marketing strategies**

During a recession, companies focus more on short-term marketing strategies, but the importance of long-term marketing strategies should not be forgotten, for the sustainability of the business in the long term. Long-term marketing planning is less focused on sales and more focused on strengthening a sustainable competitive advantage and building brand awareness. Long-term marketing activities establish brand awareness and continue to deliver results even for many years. Without long-term marketing strategies, short-term success can be short-lived.

Long-term marketing strategy includes planning for future growth and development. It takes into account factors such as market trends, competition, customer behavior and other important things that affect how successful a company will be (www.osbornedm.com).

A long-term strategy can cover one goal or multiple goals and can be broader or more specific. Long-term marketing strategies can include (www.indeed.com):

* Increase brand awareness
* Reduction of production costs
* Organizing promotional events annually
* Opening new locations within three years
* Increase the company's total revenue by a certain percentage

Having a long-term marketing strategy helps businesses improve in several aspects:

1. **Business growth:** Long-term strategies are usually larger goals that take longer to complete. In creating these plans, the goal is to set goals that improve the company. Business growth may include increased sales or more employees. These results depend on what the company's goals are, but usually long-term goals are used to improve and expand the business.
2. **Managing risks:** Long-term strategies can also be important for risk management. Because long-term strategies occur over a longer period of time, there is time and ability to make plans that help reduce risks. Because of the time frame, results can also be more actively monitored, which can help mitigate risks as they arise. Riskier or more adventurous decisions can also be made within long-term strategies as fixes or changes to the strategy can be made.
3. **Budgeting**: Budgeting is important for any company and having long-term strategies can help create a financially stable budget. This is because you can split the cost of the budget throughout the strategy. Having a stable budget can help allow for more projects, such as new product development.
4. **Testing:** Test marketing is when the popularity of a new product is tested by exposing it to consumers for a short period of time. Long-term strategies allow implementing test marketing because you can make changes in the company and they can be managed with little risk. Long-term strategies are important for judicious testing of new products.

Long-term marketing strategies take a lot of time. But when done right, they are very effective in driving business growth. Even in times of recession these strategies play an important role for the further development and sustainability of companies in the long term.

**Conclusion**

While the recession is a challenging time for businesses, it is possible to maintain or even increase sales through strategic thinking, adaptation and focusing on the value of products or services. Focusing on customer needs and staying aware of changes in the market can position a business for success in tough economic times. Marketing in a recession does not require unlimited financial resources. All it takes is an intimate knowledge of the digital landscape, a smart marketing budget and business strategy, as well as an offensive posture and an expansive mindset. When it comes to the market itself, recessions will change consumer behaviour by eliminating certain needs and creating new ones. As cash-strapped consumers look for relatively cheap alternatives, demand for luxury goods will be reduced. For this reason, it is important to identify these changes in the market and for companies to respond accordingly by using all available resources and determining the best way to deploy them. Every major change in the business environment brings opportunities. Even a recession, which reduces sales for most companies, offers opportunities for a small number of companies to expand. Recessions bring with them a number of opportunities, some of which are challenging to seize. The best course of action during a recession is for companies to first focus on short-term marketing strategies without forgetting the importance of long-term strategies that will help sustain the business not only during a recession but into the future.

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