

Marketing in a post-recession economy

There's light at the end of the tunnel.
Can you see the better times ahead?

We're finally hearing encouraging stories about an economic recovery, and businesses are beginning to focus on post-recession consumers. Still, it's important to understand what happened and how we can use this information to plan for the future.

Although both had profound effects on economies the world over, the current recession isn't all that similar to the Great Depression of the last century, which dragged on for more than a decade. In the United States, the unemployment rate hit 25 percent. The shortage of money and even consumer goods had profound effects on the entire generation who came of age during the 1930s. Many would remain cautious spenders and frugal consumers to the end of their days.

I believe the changes in the spending habits of today's consumers won't be so drastic or long term after this relatively brief economic hardship. In recessions, the consumption of goods and services tends to follow the model of last-in, first-out: The last things the customer will give up buying when money is tight will be the first things

he purchases when there's money coming in.

In down periods, the first things consumers cut from their budgets are extravagances, such as vacation homes and fine art. Next come luxuries like sports cars, spa visits and designer handbags. Then the routine indulgences go, like \$5 coffee treats, dining out and after-work cocktails at the bar. Further economizing needed? Next to go are services such as house cleaning, lawn maintenance and mobile-phone plans. Last to go are the essentials. Portrait services fall somewhere between indulgences and luxuries.

A recent study by the marketing and research company Decitica (decitica.com) outlines how the present economic downturn has affected American consumer spending habits in general. The study finds that four distinct groups of consumers emerged—the steadfast frugalists, the involuntary penny-pinchers, the pragmatic spenders, and the apathetic materialists.

The steadfast frugalists were non-spenders before the recession. Six out of 10 people in this group are women, and they represent 20

percent of the population. The most disciplined of the four groups in spending habits, they considered themselves to be tightwads before the recession hit. They tend not to be brand loyal, and they avidly seek coupons and specials. For photographers, these consumers are the most challenging to attract. Because of prices, they tend to shop at chain studios rather than with independent photographers.

The penny-pinchers are the most severely affected by the recession, both financially and emotionally. Six out of 10 people in this group are women, and the group represents 29 percent of the population. For many of them in the last year, spending exceeded income.

The pragmatic spenders are mostly men, whose annual household income exceeds \$75,000. Although they have the greatest capacity to maintain their spending habits, their decisions are tempered by caution. This group is highly attractive to marketers in general, but industry studies show that 87 percent of the purchasers of professional portraiture are women. This group is a challenge for photographers to attract.

The fourth group is the apathetic materialists. Equally divided among men and women, this group represents 20 percent of the population. Its members are predominantly Gen-Y. Apathetic materialists aren't much perturbed by the recession. Their spending habits and intentions for the future are the least affected of the four groups, likely due to their age and the stage of life they're in—young, single, with limited disposable income. Youth-oriented marketers find them an attractive target.

As soon as the economy stabilizes, I believe that the people who were spenders before the recession will be ready to spend again. Now's the time for photographers to start mapping our post-recession marketing plans, and those plans will

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—WILLIAM F. CAMACHO, VICE PRESIDENT OF MARATHON PRESS

probably look a little different this time.

Henry Oles, president of the Virtual Background Company (virtualbackgrounds.net), puts it this way, “If the photographer isn’t working in a special niche, isn’t doing some really creative marketing, the future is difficult. Some think that the public will rebound after experiencing poor quality photography and will return to the professional. Don’t hold your breath.”

What does marketing look like in the new frontier? According to William F. Camacho, vice president of Marathon Press, “The principles of marketing haven’t changed, but the perception of marketing has. Studio owners who took marketing for granted now realize its importance to business success. Many studios are now trying to re-brand themselves to stand out from competition ... Now more than ever, those studios who continued to market their businesses [during the recession] are thriving, while those that did not are closing their doors or trying to catch up.”

Michael Redford, a successful studio owner, says, “It’s important to develop a back-to-basics approach to marketing. Family and children’s portraiture remain strong because the amateur cannot shoot these images. Facebook for seniors is an important part of a marketing package. Our packages include a USB drive with selected images with an overlay of our studio logo for our clients to put on Facebook. We’ve always strived to market to the upper-income families, so our business was less affected by this recession than many other studios.”

While there will continue to be a strong prosumer market for cameras and related equipment, a professional photographer who develops a comprehensive marketing and sales program will always have the edge. The winners coming out of the down economy

will be those companies that use this time to strengthen customer relationships and work to develop a strong marketing plan that allows the business to grow and prepare for demand on the horizon.

To be successful, studios need to adapt

quickly to both the positive and negative changes—while remaining cognizant that although the economy will rebound, it will look considerably different. For those who aggressively prepare to confront these differences, prosperity awaits. ■