COVID-19 is a public health emergency of international scale. The governments of countries all over the world are taking drastic measures to ensure that citizens stay at home as much as possible and to practice ‘social distancing’.

Governments are enforcing lockdowns - an emergency protocol that prevents people from leaving a given area. With people unable to go to work, the factories being shut completely or partially, labor shortages, increasing unemployment rate, the shock to the global economy and the consequent economic ramifications are becoming ever more apparent. With COVID-19 still spreading rapidly, it has shifted business trends, consumer preferences and the entire marketing landscape as we know it.

According to The Atlantic Council, there seem to be many economic similarities between the Great Recession of 2008-09 and the upcoming COVID-19 recession. Therefore, with the world economy set to go into recession due to the coronavirus pandemic, there are a lot of valuable lessons for businesses to learn from the Great Recession of 2007-2009 and implement to be ready for the COVID recession. Historically, there have been examples of many companies that had the odds stacked up against them, having survived and even thrived during the recession. In some cases, it was due to the product or service they were offering, personable customer service or other smart business strategies.

Confronted by a recession, many CEOs and businessmen swing into a crisis mode. They quickly implement policies that will reduce operating costs, lower the number of employees, preserve cash and slash marketing budgets heavily. They also defer making investments in R&D, developing new businesses, or buying assets such as new machinery. However, when planning for the long-term prosperity of a business, enhancing the marketing budget and investing smartly right now is more important than ever.

Del Monte’s winning marketing strategy during recessionary times

While the marketing department continues to be the first to get hit with budget cuts during troubling economic times, **Del Monte** showed the world this may not be the right strategy during a recession. Through increased advertising, a strong focus on an innovative product pipeline, and leveraging the connections between consumer and trade promotions, Del Monte was able to build market share and profitability in several markets. The company rolled eye-catching campaigns, such as the “nude “Fruit Undressed” ads and aired them on TV for the first time in 10 years, and even started a new product line aimed at children, opening the brand to a whole new user base of busy mothers. This goes to show that during times where all competition begins to cut marketing programs, ample opportunity remains for those to innovate and capture market share.

During all of the confusion and uncertainty in the world at the moment, a recession is a strong impetus to re-focus on your core business and to start ensuring that you are ready for the challenges ahead. This involves steering from the pandemic successfully and efficiently, whilst refining both the short and long-term strategy of the business.

Starbucks reconnects with customers during Great Recession

Starbucks, the world's largest coffee retailer pulled itself out of the financial meltdown of 2008. It aligned its operations with customer demands through social media, and with many customer-centric, innovative ideas like, “My Starbucks Idea" which enabled customers to exchange ideas with each other and directly with the company leading to a stronger emotional connection and thus the brand built a robust fan base and reignited customer confidence. The company brought about many changes that led them to brave the economic downturn, such as, creating a customer rewards program, offering a wider variety of food and drinks, and adding free Wi-Fi to its stores. Starbucks projected its 'cool' element via social media-based marketing, where the focus was not to push products on the consumers but to actively engage with the online community. The company came up with many trendy co-creation ideas such as ‘MyStarbucksSignature’ which allowed consumers to develop their own signature drinks and share the new flavor with the community. The company also linked its social media strategy objectives with its mobile app, which was carefully designed to appeal to the segment that made up its online community and thus enhancing its “community” fabric.

Thus, a brand can turn around its operational strategy even during COVID-19 crisis by returning to its roots and reconnecting directly with its customers. By keeping in touch with current customers, and by marketing your brand to your target customers during this time, you can make sure that your impact is felt even beyond the COVID crisis.

Wal-Mart sees the Great Recession as an opportunity to change consumer perceptions

The way in which marketers responded during the recession of 2007-10 made a huge difference in determining how their brand was perceived in the long-term. **Wal-mart**, the retail giant took to changing their brand perception during the downturn. It actively promoted itself as the recession warrior’s grocer with a series of print and television ads promoting its discounted prices on items. This strategy burnished Wal-Mart’s image, which had been dinged by its strong anti-union policy and a series of PR gaffes. It even spawned of a Fortune magazine piece titled “Why we don’t hate Wal-Mart anymore“. Wal-Mart vowed to be the “price leader” over the holiday season, and cut prices every week until Christmas to fend off rivals and win over shoppers and became people’s savior during the recession crises.

Recessionary times brought great growth opportunites for Groupon & Netflix

There is no doubt that people took a hard hit after the 2008 recession, but it also fuelled a wave of new startups emerging or ballooning their user base from this financial downturn, most notably being Groupon and Netflix.

In the midst of the recession, at a time where consumers had major cutbacks on going out, eating out and new activities, there came **Groupon**, ‘a deal a day’ website which provided incredible offers on non-essential services like nail salons, spas, fine dining, etc. With discounts, incentives and product discovery, Groupon provided a way for companies to get exposure and consumers to ease back into discretionary spending. Groupon appealed to the ‘value for money’ sensibilities of consumers who still enjoyed finer things in life but wanted it at an affordable price. With its performance-based marketing solutions to connect businesses and brands with their customers, it won over the participating brands. Groupon managed to quickly spread to over 35 countries and 300 markets in its first two years, creating a $500 million annual profit, and it is hailed as being a true recession survivor.

Another notable example of a recession survivor is **Netflix**. What is now the video-streaming powerhouse of the world, in the mid-2000s used to be DVD-by-mail service. When the recession hit, many entertainment-related companies scrambled to survive, but Netflix found its footing and skyrocketed in sales, earnings, and subscribers. The company benefitted from consumers' desire for cheap entertainment, which was undiminished — and perhaps enhanced — by the downturn. Part of the reason for Netflix's timely success was its ability to stand in as an alternative to cable and satellite TV services, which were a far more egregious monthly expense. By being able to choose a variety of price plans for different services, consumers preferred paying a fraction of that cost for similar entertainment value, and Netflix won out in the end and it ended recession with being the #1 choice of people around the world for online streaming content.

Incremental changes to Carrefour's business model was the change the brand required

Companies that respond to a slowdown by reexamining every aspect of their business models flourish when demand returns. A good example of a smart incremental change in the existing business model is the one of **Carrefour**, the discount hypermarket chain, and how the brand seized the opportunity to study its consumer segments and take advantage of their consumer behavior during the recession of 2008. With the help of their membership database, Carrefour was able to target its consumer group effectively. Carrefour sent out discount coupons, via e-mail, of relatively expensive items to their affluent groups with larger discretionary income and they sent out discount coupons, via email of items of necessity such as food, diapers, etc to less affluent groups. Importantly, Carrefour started to offer great deals on movie DVDs and alcohol, which are very popular during a recession as out of work workers want entertainment and an escape from reality. Carrefour also took new advertising initiatives when they realized that consumers compare prices through different channels to find the best deal, so they started to advertise online on Facebook, Twitter, Youtube, and other blogs to capture these consumers. Carrefour was able to generate a profit while most other hypermarkets reported a loss in 2008-2009, due to their thorough understanding of its customers and their own ability to market to its target groups effectively.

Smart changes Amazon made to exit the Great Recession as a winner

In turbulent times, it's tough for companies to know where to place their bets for both the immediate term and the long run. Progressive companies often stay closely connected to customer need— a powerful filter through which to make investment decisions. Let's look at how one company has managed this balancing act. During the 2000 recession, **Amazon** emerged a winner – in twofold, no less. The diversity of Amazon's business portfolio helped the company over-achieve during the recession. However, its novel concepts and willingness to experiment is what took it over the line and set the pace for today's success. The one-time online bookseller has morphed into a giant that leads retail, digital media, cloud computing, and even recently groceries. Such a diverse investment portfolio became even more meaningful during the downturn. The company also launched another new service Amazon Web Services (AWS), just one year before the beginning of the Great Recession. Amazon took a gamble in a brand-new industry – both to the company and for the consumers because cloud computing and hosting services were relatively new concepts. This gamble paid off very well for the brand proving that in order to survive and thrive in an increasingly volatile market, companies have to continuously evolve. Historically, downturns actually seem to reward the embracing of new technologies. Another important factor was Amazon's ability to absorb slowing sales thanks to its strategic financial investments in other segments which were paramount to the company's success. This approach doesn't just combat a downturn; it can lay the foundation for continued success once the downturn ends.

Hyundai found gold in the recessionary period

Sometimes, companies need to be upfront with the consumers and not always try to project a saccharine-sweet reality. Look at **Hyundai**, for example. During the last recession, the company started an “Assurance Program” where it gave consumers the option to give the car back if they were struggling with their car payments or if they lost their job. This was a great way to make customers comfortable and increase their market share in a troubled economy. Hyundai also ran continuous ads during the Super Bowl, and the Academy Awards, where the carmaker bought an eye-popping nine spots. By engaging with both the broken dreams and the intact ones through high-profile ad buys, Hyundai stood in sharp contrast to its rivals, many of which had slashed budgets and retreated into retail-focused advertising. At the end of the recession, 60 percent of Americans were aware of the brand and willing to buy it, compared with just 40 percent two years ago.

Cisco shines despite recession

For many businesses, it may work better to focus on the existing clients in the upcoming economic downturn and to concentrate their efforts in keeping their existing customer base happy. During the 2008’ recession, **Cisco** focused on existing clients and observed their need for infrastructure upgrades on many of the existing platforms. Cisco focused itself around its customers and listened to their needs, they engaged them thoroughly and their feedback was seriously considered and implemented. They maintained customer focus by creating three cross-functional business councils, each responsible for a particular customer segment. It further reduced operational costs by decreasing duplication and standardizing product and process designs across all their workflows. Internally, they created management strategies facilitating open communication, staff empowerment so that their human resources were managed efficiently. It was only because of their multipronged strategy; Cisco came out of the 2001 recession stronger, leaner and more agile.

Conclusion

While most businesses are likely to experience significant disruption to their business operations and may face business underperformance throughout the duration of the COVID-19 crisis, companies that master the delicate balance between cutting costs to survive today and investing to grow tomorrow will do well after a recession.