

Seek out the Commercial Advantages During a Recession

Appreciating that any form of national business 'depression' or 'recession' has ramifications that are seriously damaging to many people through job losses, displacements, shop closures, factory shut-downs and a million other ways to grief, for the commercially astute there can be readily found sources of benefit.

Sadly, when business is impacted by any of the pressures that lead into market reduction, even if only high interest rates or rising unemployment, the immediate outcome is falling sales and thus reduction in revenue.

In the main, unless struggling beforehand, the average retailer may well be able to scrape through these recurring economical ebbs and flows were it not for that nasty little beast called 'fixed costs'.

Market downturns can be somewhat managed by adjusting staff shifts, reducing on particular quiet days or periods, reducing hours per week. In effect, by spreading the burden of reduced 'output' evenly most will manage at that level.

However, back to 'fixed overheads'. Of course, these are made up of things that simply don't give a fig whatever the economy is doing, being such as telephone service, power supply, council taxes, water rates, statutory taxes, road levies and of course building lease payments.

In some instances it has been known for some building owners to agree to reduced rent during such times and I can only suggest if this matter is affecting you currently to at least go and ask for a bit of support here.

Another major thing that occurs during tighter times is that small business often reduce or stop any promotional campaigns it may use from time to time and I have to comment that this is most certainly, in most instances, exactly the wrong thing to actually do, simply because it ensures you will wear the full brunt of whatever downturn is effecting your market.

One of the smarter things that should be mapped out by anyone in business, is a forward strategic plan to suit various ups and downs that could possibly come about. If you have a pre-set strategy in place for such things as multi-stage pricing so you can quickly react to market opportunities as they happen, the current situation of recession or even a general slowing of the economy, then you will at least be much more prepared than 99% of your competitors.

One of the more viable approaches to reducing market is to have on hand data that gives you an idea of not only the directly local market in your vicinity (approx 7-10kkm) in terms of dollar value or potential customers, but also in your neighboring areas. Basically, extend your normal capture market from 7-10kkm up to 15kkm radius. People drive further for a great deal.

You should also have on hand some accurate information and records on every single customer you have ever served, so you can re-contact them directly. This information

should be detailed so you even know what they purchased, its probable life-span and price paid.

What you must do is contact your existing client base with offers of special prices (as valued clients), free delivery, extended warranties, matching products to what they have earlier purchased, upgrades, extras or whatever. The point being that you should always be totally aware of your existing clients purchases and details such that you may offer more of whatever fits the bill. I'm sure you realize that it costs about 5 times more to attract a new client as it does to re-service an existing one.

You could offer a 'tell-a-friend' gift or offer a personal discount card that you will allow their friends to use too.....obviously with some accumulating benefit to the card owner. (a future discount sum off next purchase?)

Synchronised with this you should actually be setting up a decent promotional campaign to make your business the one to shop at....so do have some decent offers available. One of my preferences in such times was always to offer something extra with the prime sale, simply because the buyer views a gift at its retail figure and you actually only give away a wholesale cost. Clients perceive this as more benefit to them and often results in more sales. If you do this and sales are good but re-supply difficult, visit your competitor businesses and offer to purchase some of their stocks at a discount. Then you can sell as cash-and-carry.

If you can actually manage an aggressive campaign (as I once did using TV) you may find that all the available market in your marketing socio-economic area will come to you if the bait is good enough.

If you consider the increased sales and associated costs of advertising, extra stock, extra hours and extra staff, yet reduction of your fixed costs %age due to better amortization, you could not only steal what market is available but make long term inroads into market share generally. In my own experience I actually doubled my total market share in 6 months and found I could readily retain a growth on that as times improved, for very little promotional costs, simply because the company profile was by then so much more recognizable. What I told my accountant prior implementing my own expansion strategy during the 1982 recession. "My niche is worth more than \$4.7billion and I can't possibly service it all...but I am darned sure I'm going to grab a far bigger chunk of it while I can".

The focus here and the lesson to be learned is simply to strategically plan for every possibility your business may face. Then develop a growth strategy and implement it at your own convenience.

For you to ponder:

The Illogical Logic of Failure

If you go about your life believing deep down that you are not worthy to be where you're aiming, or that you will probably not succeed, the great contradiction in life is that **you will succeed.**

You will indeed succeed in your deep belief that you will fail!

Think about it.

It is not what you want that will come to be, but what you truly believe you can achieve, that comes about.

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