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MARKETING

Marketers unprepared for potential recession: report

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A global recession could be on the horizon. Image credit: Ralph Lauren

By SARAH RAMIREZ

With concerns about a recession continuing to build, marketers should look to invest in customer engagement tools to future-proof brands' sales and revenues in case of an economic downturn.

According to a new study from CSO Insights, sales organizations in the United States have seen declines in consumer retention despite sales and revenue growth. Brands should continue to build positive relationships with consumers before spending stalls.

The CSO Insights report was based on insights from 1,000 sales organizations.

Sales strategies

A recent Duke University study found almost half of the chief executive officers in the U.S. expect a recession to hit by the midpoint of 2020. Of those, 69 percent have begun bracing for an economic downfall by the end of 2020.

At the end of 2018, affluent global business leaders were largely optimistic, with 76 percent of owners and executives at large firms saying they were confident about their companies' futures.

Neiman Marcus has made recent leadership changes to move in a more customer-centric direction. Image credit: Neiman Marcus

Eighty-three percent of leaders at large companies reported to YouGov that their businesses were healthy, outpacing the outlook of small and medium business executives. However, only 35 percent of respondents believed President Donald Trump's initiatives have been good for business (see story).

While the global GDP has increased 10 percent from 2017 to 2019, CSO Insights found that customer retention slipped by 3 percent. Additionally, 4 percent fewer companies were satisfied with their close client relationships.

Among the obstacles companies continue to face are inefficient internal operations and organizational misalignment.

According to CSO Insights, less than 10 percent of businesses designated as world-class organizations have successfully incorporated customer engagement, data strategy and other tactics to improve sales.

Businesses that effectively employ these strategies saw a 23 percent increase in win rates and 5 percent growth in revenue plan alignment compared to all the companies evaluated.

Almost 90 percent of the top companies report they maintain positive interactions with consumers across channels, compared to an overall 36 percent of businesses. With the growth of ecommerce, consumers have more touch points to interact with brands.

The most successful organizations also have formalized cross-functional teams, increasing cooperation among departments such as sales, marketing and customer service.

Eighty-eight percent of world-class organizations have also implemented data strategies, which cover who owns data, what metrics are needed and how data is used.

Oracle will help Prada manage customer-related touchpoints. Image credit: Prada

Technology is an important part of improving sales operation, and luxury brands continue to make investments in this area.

Through the use of retail platform Oracle, Prada will be introducing new solutions to all of its brands, including its namesake, Miu Miu, Car Shoe and Church's. The solutions will be built throughout the group's core retail systems, tapping data from historical standpoints as well as current market trends to make intelligent business decisions to ensure the highest level of customer experience (see story).

As sales strategies change, companies also need to ensure they have the right talent and leadership to achieve success.

Neiman Marcus Group is undergoing a number of leadership changes as it looks to bolster its omnichannel presence, as part of its digital-first strategy. Earlier this year, Neiman Marcus added to its executive team with the appointment of David Goubert as executive vice president, stores and Ginger Mollo as senior vice president, retail experience for the West Coast (see story).

Customer experience

Evaluating and improving marketing and sales strategies is always important, but recently it is more so as wealthy consumers' confidence about their finances has fallen slightly over the last few years.

According to data from YouGov's Affluent Perspective 2019 Global Study, while consumers are more confident in

their personal finances than those of their nations, only 44 percent are extremely or very confident about their personal economics, down from 48 percent in 2016. This dwindling optimism is having an impact on behavior, including how they spend on luxury.

YouGov found that 77 percent of affluent individuals say they are making fewer, more meaningful luxury purchases. About 40 percent of those who say they are spending less on luxury are doing so because they need to allocate funds to other expenses or because they want to save more of their income (see story).

Concurrently, brands across sectors are struggling to raise their standards for innovative customer experiences and enhance their offerings and services.

According to Forrester's 2019 "U.S. Customer Experience Index," the majority of the highest-performing brands remained stagnant from 2018 to 2019.

Forrester estimates that 20 percent of brands, including 45 percent of digital retailers, are "languishers" that innovate quickly and then stagnate. More than half are "locksteppers" and fail to differentiate their customer experiences from their competition (see story).