

How can you win in a  
tough economic climate?



# Six steps to economic success

1

No more guessing: analyze and learn about your audience



2

Protect your brand and in return protect your bottom line



3

Testing is even more critical. Start small and scale for performance



4

Match your message to your customers' mindset



5

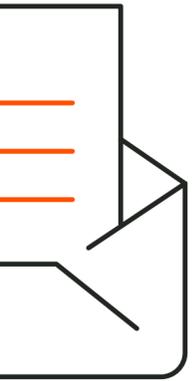
Small changes can make a big difference



6

Investing in marketing is proven to be the right strategy in a recessionary market





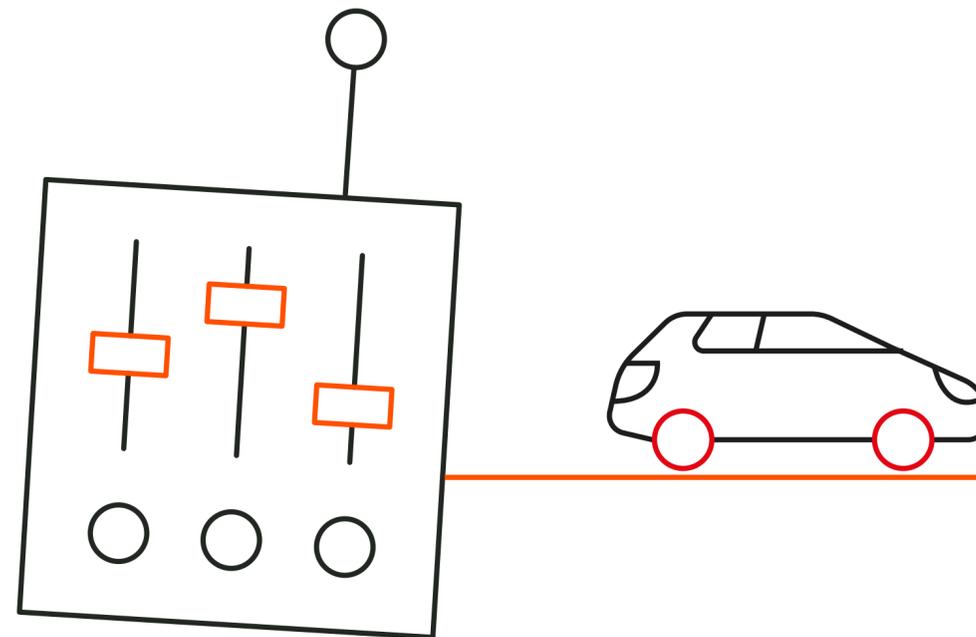
# 1 No more guessing: analyze and learn about your audience

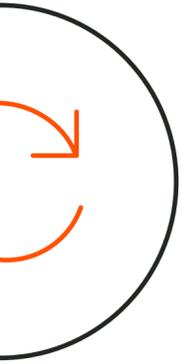
With a new flurry of economic and social troubles - from inflation to supply chains and fiery political debates - forcing brands to tighten their purse strings and tiptoe their messaging around sensitive times, marketers find themselves under the cosh.

Learning about what your audience is responding to in real-time means you can double down on what's resonating, which gives you an unprecedented advantage over your competitors. For example, Novo Nordisk discovered that AI-generated messages focusing on empathetic language, such as "aiding" and "helping", were shown to increase engagement, along with action-based language such as "treatment" and "strategy".

Following this language strategy, the healthcare company was able to achieve a **24% average open rate uplift and 13% average click rate uplift** across Novo Nordisk brands.

**Playing it safe is not an option. Low risk, low reward, the saying goes. So what if you could deliver cutting edge messaging - minus the risk to your brand?**



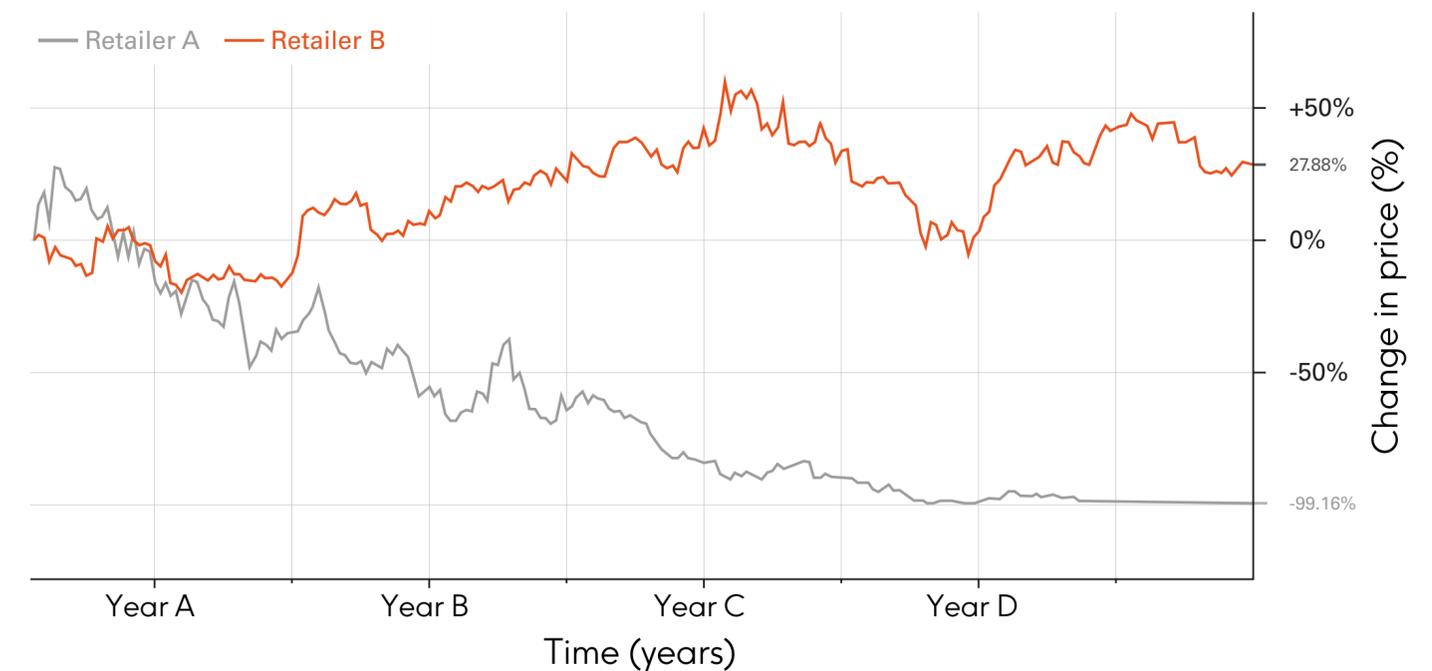


## 2 Protect your brand and in return protect your bottom line

Brands are likely to do **whatever it takes** to combat declining revenues or the impact of where business activities have come to a sudden halt. While it is important to minimize business impact, **customers are likely to respond negatively** to brands that are insensitive to their concerns or that appear to be profiteering. **Try to strike a careful balance** between being helpful and finding new opportunities in response to the current climate.

In the real world, a scenario has been playing out in the retail sector, with some brands eschewing a sustainable long-term strategy in exchange for short-term gains, **often to their own detriment**. Other brands, meanwhile, have kept their eyes firmly focused on the long-term horizon.

Let's take a look at an example which is much more firmly rooted in reality: **the divergent paths of two of the world's largest retailers** (anonymized to avoid embarrassment). Let's call them 'Retailer A' and 'Retailer B'...





Retailer A was a **well-established retail brand** with stores in almost every North American city. **But the brand had fallen on hard times.**

Falling revenues, stiff competition from brands like Amazon and Walmart, and an aging customer base **had driven the retailer close to bankruptcy.** Store closures abounded, costing billions of shareholder value, and putting thousands of jobs at risk.

With the pressure on, **Retailer A needed immediate sales to stay afloat.** The brand simply didn't have the luxury of a long-term marketing approach. As a result, **the brand opted for discount offers on a grand scale** and a marketing strategy built on **short-term revenue gains** at all costs.

**Retailer A's sales revenues increased for a short time,** allowing the company to avoid bankruptcy and many of the additional job losses that its employees feared.

But, **as the deep-discounting race to the bottom eroded Retailer A's profit margins,** the marketing copy proclaiming yet another 'big sale' **gradually became white noise** to the discerning ears of consumers.





Just take a look at the graph comparing the two retailers' stock prices over the same period of time.

Over the ensuing years, **Retailer A's stock price plummeted**. Meanwhile, in another corner of the retail sector, Retailer B was in a different sort of trouble. **It had been making use of short-term tactics in its marketing for years**. Its digital marketing efforts – rife with discount language and clever ploys to capture consumer attention – had **begun to falter**. The brand's digital marketing engagement rates were decaying. **And that was very bad news**. On top of that, Retailer B's margins were taking a serious hit at the hands of the ever-increasing discounts the company was offering in an effort to buoy its flagging engagement numbers.

Retailer B made the tough decision to **change direction with its digital marketing efforts**. The company abandoned the short-term tactics which it had been leaning on, **opting instead to focus on building its brand through a sustained long-term strategy**.

Since deciding to **embrace a long-term marketing vision**, driven by a long-term marketing copy approach, Retailer B, a Phrasee customer, **has seen its stock price increase dramatically**.

Should the contrasting overall performance of Retailer A and Retailer B be attributed purely to the marketing copy choices the two brands made? Certainly not. **There are myriad factors at play** in the worlds of retail and marketing in the digital age.

Our tip to all marketers, it would be wise to learn from this story and set in motion long-term strategies that will ensure **increased engagement, conversions, and loyalty**.



# 3 It's even more important to test

Too many people don't test because they think it's too time intensive. As one of our awesome customers said recently – **testing to a small portion of your audience and scaling the successful content minimizes risk that can come with testing.** It's a financially smart and resource-efficient approach. In this market, speed and scale are critical components of any plan. You could test yourself but why would you when there's tech out there to automate the process?

But what does a good test look like? These are the outcomes to have in mind: Is it delivering commercial impact? Are you getting statistically meaningful results? Do you feel you have lessons you can apply in the long term so you're not reinventing the wheel every time?



Maximizes return while minimizing opportunity cost



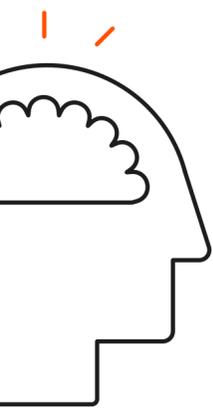
Produces statistically meaningful results / evidence of trends



Enables learning

In this market, speed and scale are critical components of any plan. You could test yourself but why would you when there's tech out there to automate the process?





## 4 Match your message to your customers' mindset

Your message really matters. Listen to your customer.

In more challenging times, economically and politically, it's not optional to market your product or service for performance, at the expense of sentiment, tone, or brand loyalty. The cost to acquire new customers is far greater than keeping the ones you have. Tune in and amplify your brand and increase your revenue. And, more importantly, stand out above the competition who are all shooting for a share of wallet.

The quality, relevance and timeliness of your message is critical no matter the channel – in 2022 you can leverage data to inform and transform your message, in turn revolutionizing the experience for your customer. With tech (like Phrasee), once you know what you need to change, one switch will deliver updated language across all of a brand's channels.

**Research among US marketers about how they are going to approach the downturn:**

**79%**

said they were concerned about ensuring their content marketing used relevant and appropriate brand messages in the current social and cultural climate.

**92%**

said they had '*played it safe*' with marketing language they used in their content, in fear of getting it wrong or cancelled.





# 5 Small changes can make a big difference

It's a fallacy that you shouldn't sweat the small stuff. You should. In difficult times even more so. It can bring magic to parts of your marketing you take for granted and deliver revenue increments that you sit and dream of in strategy meetings... Look for the quick wins – they add up.

Take our customer **Currys**. The average cart abandonment rate across industries is about **70%**, which is a huge opportunity if you can bring that number down. So that's exactly what they set out to do.



**Optimized abandoned basket messages**  
=  
**quick wins with high revenue reward**

They did what any smart data-driven marketer would do, and they outsourced the task to AI, which could generate and test copy variants in real time to get the best results.



SEE THE RESULTS

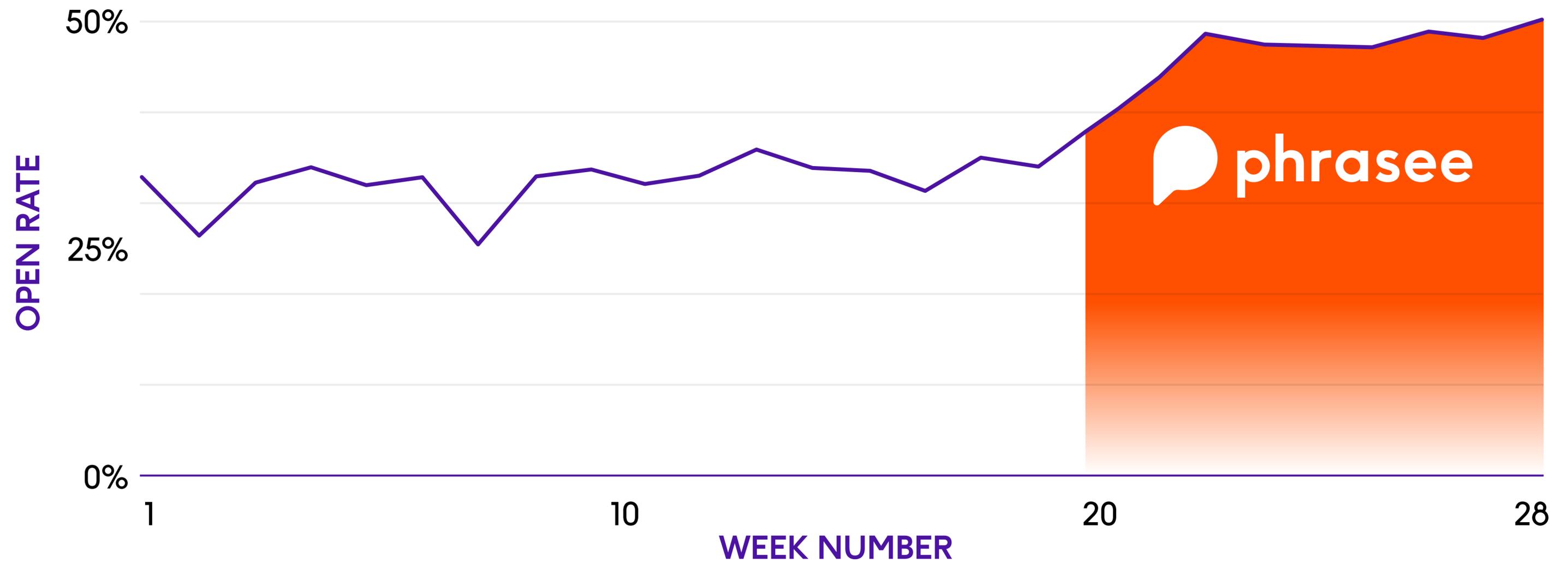


And what ended up happening was they started getting **twice as many web visits from their abandoned cart emails**, and they started making **an extra \$3.4 million per year**, just by optimizing the messaging on this one email.





# Abandoned basket campaign



“

I don't know what marketers are waiting for – one subject line change and I'm achieving a **9% conversion uplift and £2.5m (\$3.4m) revenue impact**. All with the single click of a button!

Saul Lopes, Head of CRM, Personalisation & Loyalty at Currys

”





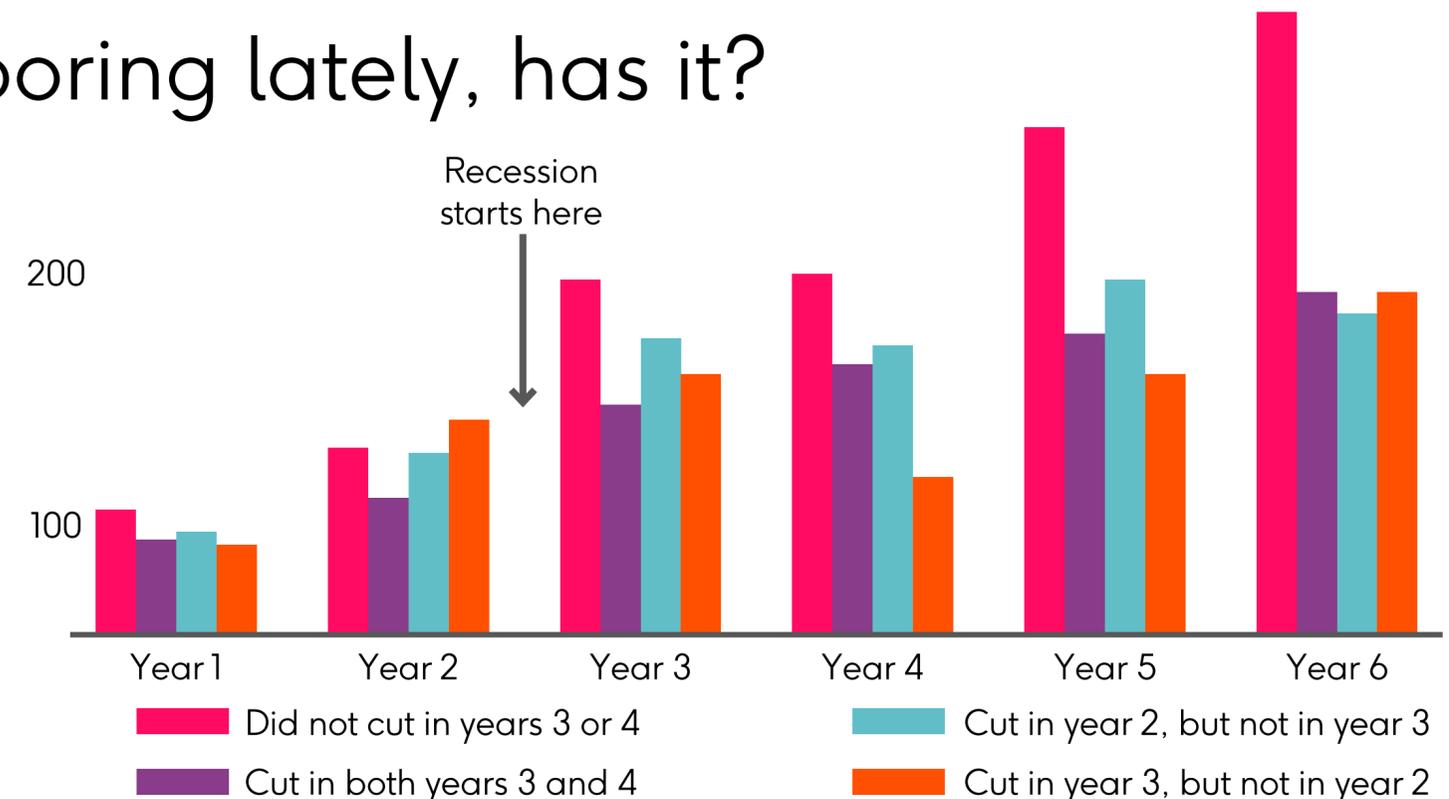
## 6 Investing in marketing to plan for recovery

The global economy hasn't been boring lately, has it?

How many quarterly earnings calls lately have been affecting stock prices? Or maybe you've got hiring freezes or layoffs to contend with, or even if it's none of those things, maybe it's the supply chain that's got you messed up. You know it won't last forever, but you could sure use some quick wins over the next few months.

Let's look at the data. This is a particularly relevant graph from 1985. Whether you hang on to Harvard Business Review's every word or study the works of the high-falutin economists out there, history tells us that continuing to invest in marketing is critical ahead of a downturn.

You can see the difference in the companies that held their nerve and continued investing in the darker times...



But where do you focus? Scalability and efficiency are critical. Making mistakes or poor judgment calls is not optional. Measuring performance is non-negotiable. So how do you balance it all?

Source: McGraw-Hill Research's Laboratory of Advertising Performance. 1985.



# When you get it right, the results can be transformational

8x

ROI in just  
two months

 **HOME CHEF**

+25.1%

average email  
click rate uplift

**FARFETCH**

Millions

in incremental revenue

*Walgreens*

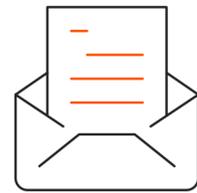
+4%

increase in  
in-store sales

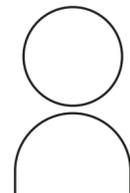
**PartyCity**



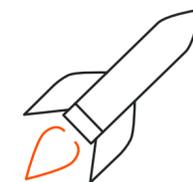
# Ready to conjure up some magic...?



**Right  
message**



**Right  
person**



**Every  
time**

[www.phrasee.co](http://www.phrasee.co)

[awesome@phrasee.co](mailto:awesome@phrasee.co)

[/company/phrasee](https://www.linkedin.com/company/phrasee)

[@phrasee](https://twitter.com/phrasee)