zeta

Best Practices for Marketing During a Recession

What every brand should know to achieve positive marketing results during the COVID-19 recession

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Executive Summary

The global economy continues to struggle in the face of the novel coronavirus. Central banks are promising to keep interest rates at (or near) zero as part of an aggressive monetary stimulus plan designed to counteract historic unemployment and unprecedented supply-chain disruptions. Thus far the markets remain strong, but volatility is everywhere and there will be "big swings" ahead.

In moments of economic uncertainty, brands are quick to make budget cuts, especially from marketing. As industries and professions go, marketing is one of the first to feel the pressure of a recession.

But does slashing marketing make sense?

And, if it doesn't, what can brands do to get the very most return from their marketing spend as the broader economy slips downhill?

Those are the two fundamental questions this whitepaper aims to answer.

Using a combination of proprietary and third-party research, Zeta's discovered a number of data-backed insights that will be of interest to any brand worried about lackluster marketing results in the months ahead.

Take a countercyclical approach to marketing and advertising (See page 4)
Brands are quick to gut their marketing budget when recession strikes, but it's rarely the right move. As leading economists illustrate, marketing spend should actually increase when the economy takes a nosedive—a narrative that runs counter to the behavior of most businesses.

Spending during a recession leads to long-term gains (See page 5)
A quick look back at the four most recent recessions (1981-82, 1991, 2001, 2007-2009), highlights just how important it will be for brands to sustain their spend in the coming months. In the 2001 recession alone, the businesses that sustained spending saw 2.5X more sales than those that cut back.

This recession is unique (See page 6)
This recession is unique in that it's cause is a global pandemic. That uniqueness means brands must be more thoughtful than usual with their approach to marketing. If there's ever been a time to invest in tools and technologies that maximize precision and ROI, it's now.

Brands must capitalize on digital to survive (See page 14)
Analysts expect major businesses to spend more than $265 billion dollars on digital marketing and advertising in 2020, overtaking traditional marketing spend for the first time in history. While many knew digital's dominance was inevitable, COVID-19 accelerated the transition by several years.

Specific opportunities for select industries (See page 21)
Although the recession hangs over the economy like a thundercloud, rays of sunshine will break through in the coming months, even for the most beleaguered industries. From retail and travel, to financial services and automotive, brands must be poised to strike using exceptional marketing strategies when these opportunities appear.

Why Marketing Is Worth the Money Even During a Recession

The global economy is in the midst of a serious recession. Experts at the International Monetary Fund project a contraction of 4.9% for the year—the worst negative growth rate since the Great Depression.[1] The economic pain will be felt most in advanced economies (such as France and Spain) which could contract by almost 13% before the year is through.[2]

In the United States, the Congressional Budget Office anticipates a drop in real GDP of 5.6% for 2020.[3] It is a contraction triggered by decreased discretionary spending, increased savings, and rampant unemployment (unemployment is expected to be at 12% by December, as high as it's been at year's end since 1940).[45]

In layman's terms, both the global economy and the American economy are hitting a brick wall.

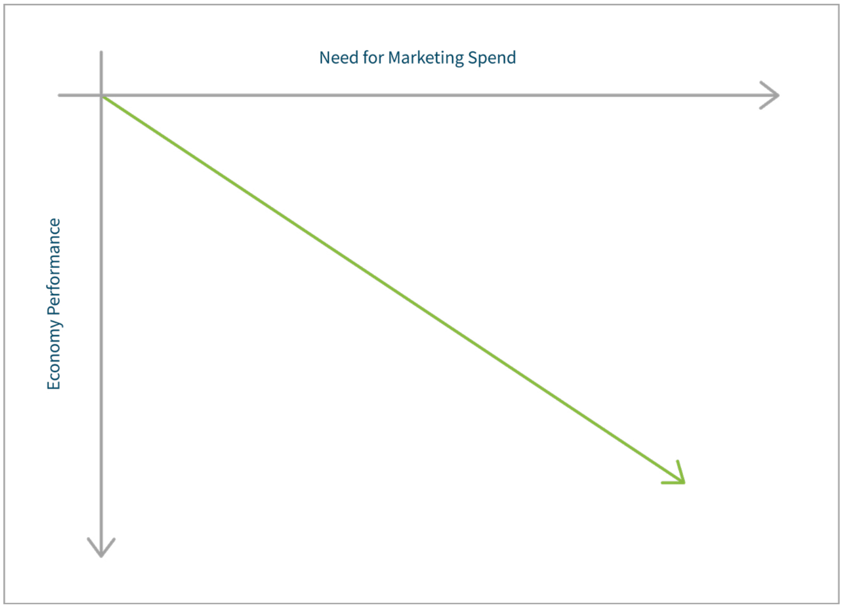
CBO's Economic Projections for 2020 and 2021

	2020				Annual	
	Q1	Q2	Q3	Q4	2020	2021
Real GDP (Percentage change from preceding quarter)	-0.9	-11.8	5.4	2.5	n.a.	n.a.
Real GDP (Percentage change, annual rate)	-3.5	-39.6	23.5	10.5	-5.6	2.8
GDP (Trillioins of dollars)	21.6	19.1	20.1	20.7	20.4	21.3
Unemployment Rate (Percent)	3.8	14.0	16.0	11.7	11.4	10.1
Interest Rate on Three-Month Treasury Bills (Percent	1.1	0.1	0.1	0.1	0.4	0.1
Interest Rate on Ten-Year Treasury Notes (Percent)	1.4	0.6	0.7	0.7	0.8	0.7

*Congressional Budget Office

When economies slow, every company thinks about taking an axe to its marketing budget. But reducing the marketing budget is the last thing any company should do according to economic authorities. Why?—Because marketing sustains the acquisition, retention, and inflow of critical consumer dollars even when the economy stalls. As one expert explained, marketing "should be highly countercyclical," and businesses should expand their marketing efforts aggressively when the economy starts to slide.[6]

1 https://www.ft.com/content/f29bf66c-d3fa-462e-9026-b1bba49ec2cd
2 https://www.ft.com/content/f29bf66c-d3fa-462e-9026-b1bba49ec2cd
3 https://www.cbo.gov/publication/56335
4 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3044448
5 https://www.thebalance.com/unemployment-rate-by-year-3305506
6 https://web.stanford.edu/~rehall/Ads042314.pdf



If history is any indicator...

It takes guts to keep pumping money into marketing when a recession hits, but history shows it's the right move (brands willing to stick with marketing during an economic downturn see compelling returns in the form of expanded market share and improved long-term profitability[7]).

According to the National Bureau of Economic Research, the last four American recessions occurred at roughly 10-year intervals[8]:

+ July 1981 to November 1982
+ July 1991 to March 1991
+ March 2001 to November 2001
+ December 2007 to June 2009

In each of these recessions, the businesses that maintained (or expanded) their engagement with marketing and advertising enjoyed a windfall.

During the recession of 1981-82…

Those businesses that maintained or increased their spend grew by 275% over those that cut back.[9]

During the recession of 1991…

Businesses that increased their spending saw as much as a 70% increase in sales.[10]

7 http://avekon.org/papers/1141.pdf
8 https://www.nber.org/

During the recession of 2001…

Businesses that sustained spending saw 2.5X more sales than those that curtailed spending.[11]

During the recession of 2007…

Overall spend declined by a gargantuan 13% nationwide,[12] but research suggests that investing more in marketing during the Great Recession led to higher net profits.[13]

The uniqueness of this recession

This recession is, of course, different.

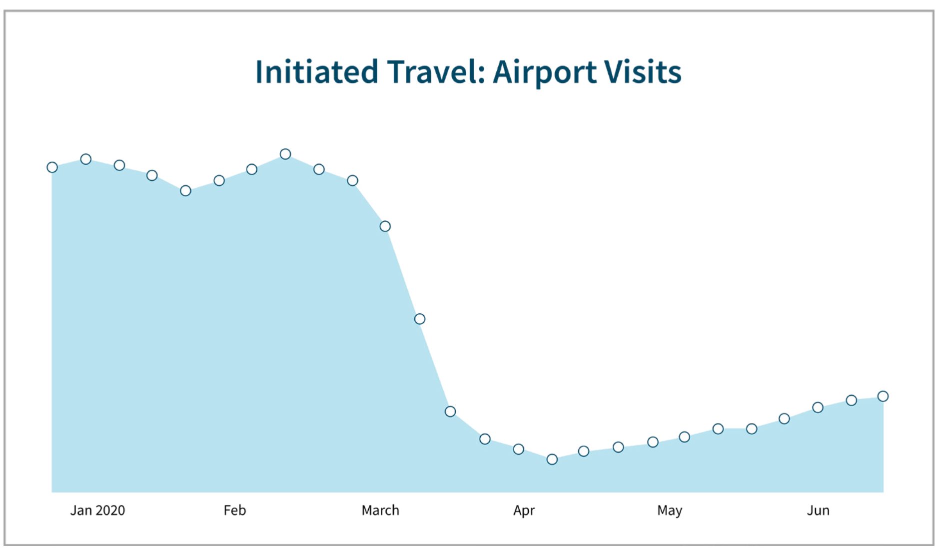
The economy isn't down because of a man-made disaster, it's down due to an "act of God." There is no housing bubble, dot-com bust, or contractionary monetary policy—there's a global pandemic triggered by a novel coronavirus.

The economy went from strong to struggling overnight, beleaguered by government-mandated shutdowns, supply-chain disruptions, massive unemployment, and new consumer expectations surrounding social distancing.

What to expect for the rest of the year

Healthcare concerns coupled with financial constraints driven by record unemployment mean consumers will be less likely to engage with the economy in a normal way for the remainder of the year.

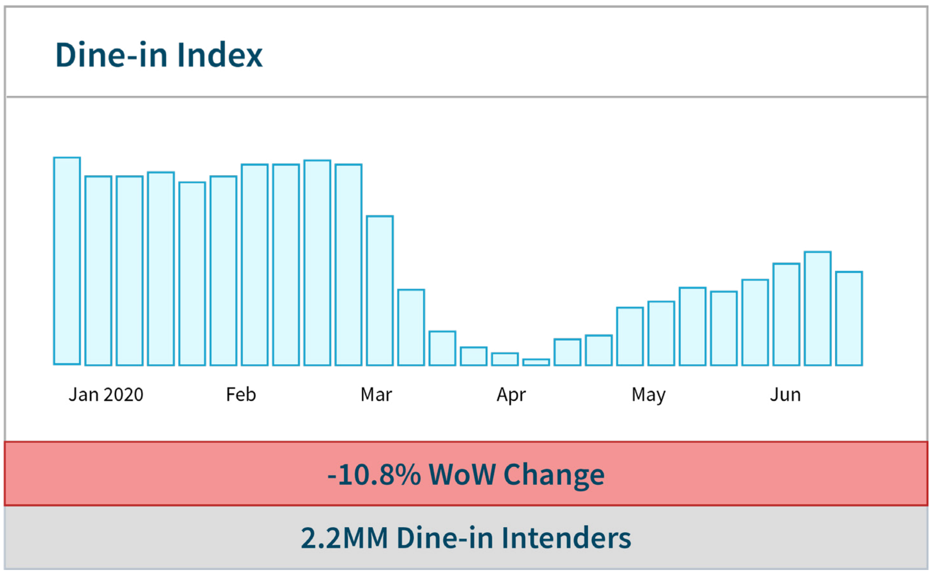
Consumers will be hesitant to fly.



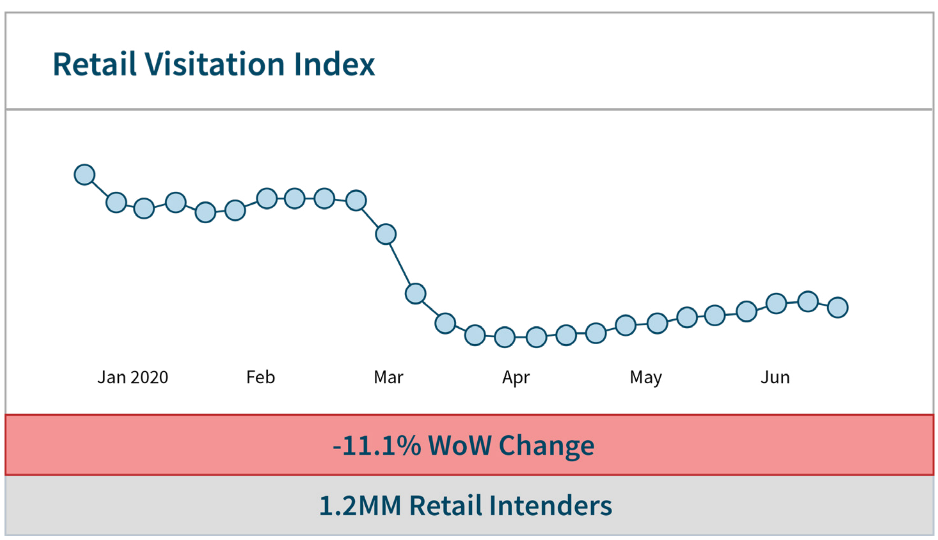
9 https://www.asicentral.com/html/open/ProductsAndServices/supp/pdfs/Advertising_in_a_recession.pdf
10 https://www.asicentral.com/html/open/ProductsAndServices/supp/pdfs/Advertising_in_a_recession.pdf
11 https://www.fi-magazine.com/309174/the-history-of-advertising-during-a-recession
12 https://www.forbes.com/sites/bradadgate/2019/09/05/when-a-recession-comes-dont-stop-advertising/
13 https://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1795&context=articles

Consumers will be hesitant to go on vacation.

Consumers will avoid restaurants.



Consumers will be slow to re-engage with brick-and-mortar.



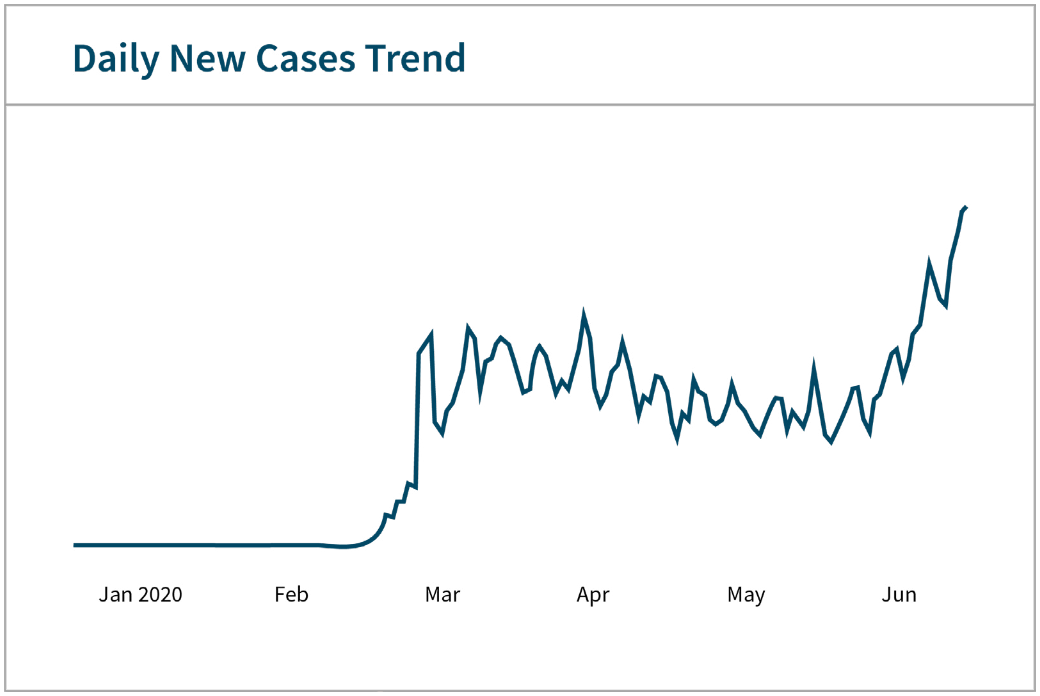
Moreover, Zeta expects many of these trends to hold given the coronavirus doesn't look like it's going anywhere anytime soon.

Zeta's own metrics show the virus continues to spread throughout the United States. As more and more states lessen social distancing requirements, the number of "daily new cases" appears to be climbing back towards a level not seen since the middle of April.

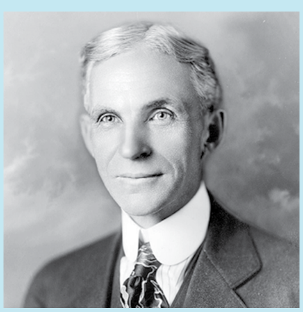
New Cases Reported

326,290

+34.2% WoW Change



All of this is bad news for the economy and bad news for business. But it doesn't mean brands should press pause on marketing and advertising altogether—just the channels where there is the greatest waste.



> A man who stops advertising to save money is like a man who stops a clock to save time.
>
> – Henry Ford

Digital Is Here to Supplant Traditional

Traditional channels are toast for the time being

The uniqueness of this recession (coronavirus, social distancing, deglobalization, record unemployment, etc.) means brands should avoid traditional marketing channels for the remainder of 2020.

+ Billboards, event sponsorship, transit wraps, and POS displays can't be effective marketing solutions when people are avoiding mass gatherings and spending more time at-home.

+ Flyers, self-mailers, postcards, and catalogs can't bring new customers in the front door if consumers—hyper-sensitive to hygiene thanks to COVID-19—throw their mail straight into the trash.[14]

+ Expensive, unaddressable, and with an ever-dwindling reach, linear TV will be a sub-optimal marketing medium for the remainder of this recession.

Therefore, brands must double-down on their digital efforts.

Digital is the way to play in this recession and beyond

Digital marketing and traditional marketing both have their merits, but in times of economic contraction digital always delivers more.

+ More ROI
+ More reach
+ More accuracy
+ More transparency
+ More all-around value

That is why digital marketing did well during the Great Recession,[15] and that is why brands are expected to spend more than $265 billion dollars on digital marketing in 2020.[16]

14 https://www.nytimes.com/2020/03/23/us/coronavirus-post-office-workers.html
15 https://content-na1.emarketer.com/looking-back-great-recession-coronavirus?ecid=dfda7bcd4b86471fba0d362c1f4a962e
16 https://www.ft.com/content/d8aaf886-d1f0-40fb-abff-2945629b68c0

On accuracy

In marketing, there is always pressure to maximize ROI, but in the face of a recession the pressure mounts. For brands, the easiest way to maximize ROI is through the deployment of scalable campaigns that target individuals within high-value audiences.

A few years ago, creating these kinds of digital campaigns couldn't be done. But thanks to advancements in data collection, data analysis, and artificial intelligence, marketers can unlock affinities, recognize intents, and personalize their messaging to the individual consumer. This leads to superior outcomes—improved conversion rates, lower costs per action, greater revenue, and a stronger ROI.

On personalization

Knowing the affinities, intents, and content consumption trends of individuals (as opposed to just audiences) increases the effectiveness of any marketing campaign because it makes true personalization possible. Personalization is the cornerstone of modern marketing success, and it cannot be ignored during a recession.

Personalization Lift	Rules	AI
Return Visits	16%	23%
CTOR	22%	33%
Conversion Rate	11%	16%
Time on Site	-	22%
Page Views	-	20%
User Retention	-	22%
Segmented Push	15%	28%

With AI on Web, new Key Metrics Emerge

Mobile adds even more

+ 78% of consumers will engage with a brand's offer if that offer is personalized based on a previous brand engagement.[17]

+ 59% of consumers say personalization plays a major role in shaping their buying decisions, with industry experts suggesting that influence can drive a 30% uplift in revenue and retention.[18]

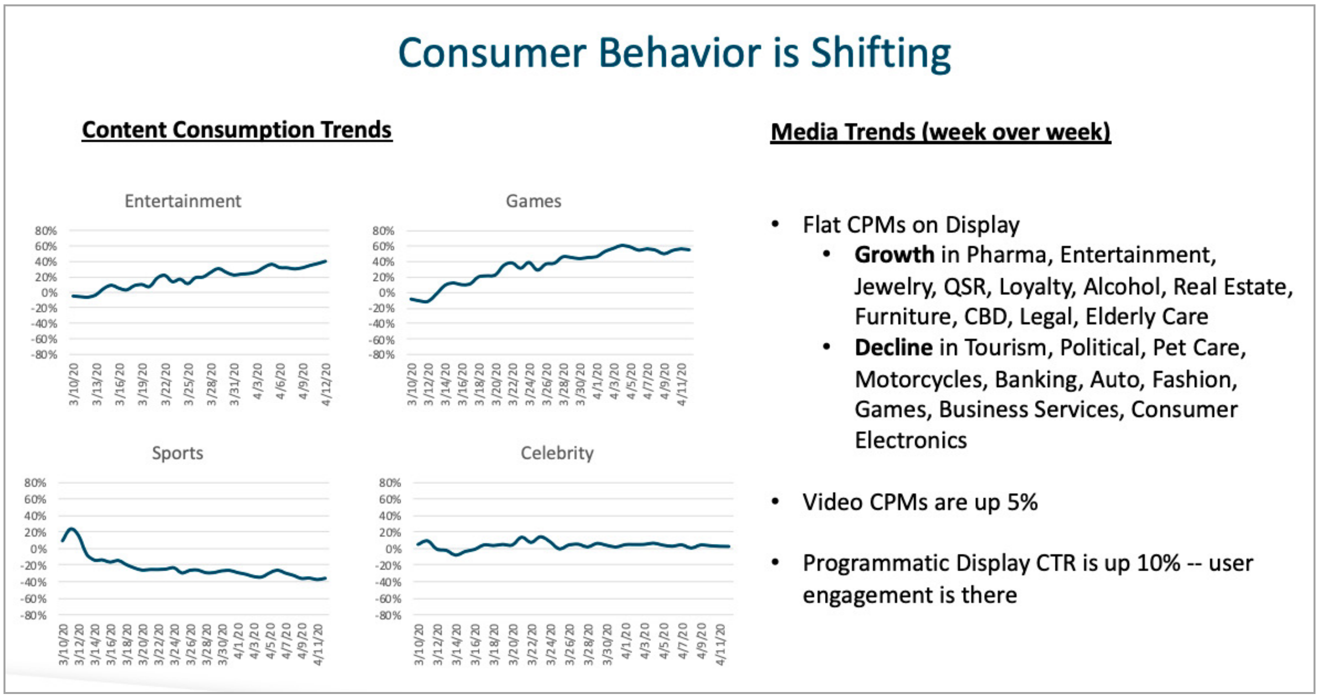
Technologies (e.g. ID Resolution) and signals (e.g. geographic signals) make it easier for marketers to reach current and potential customers with the right message, at the right time, and through the right channel. In doing so, marketing campaigns naturally become more effective and more able to facilitate positive, needle-moving outcomes.

17 https://www.infosys.com/newsroom/press-releases/Documents/genome-research-report.pdf
18 https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/personalization-at-scale-first-steps

On transparency

The data and AI behind digital offer a level of transparency traditional marketing can't compete with. If a brand works with the right marketing partner, it can measure campaign performance at both the macro and micro levels using solutions like always-on analytics and deterministic attribution.

This enhanced transparency will be more valuable than ever in the years ahead, as marketers and brands continue to feel the pinch of recession-related austerity in consumer behavior.



On measurement

Using digital marketing, brands can bring rich, data-based insights to life, illuminating the realities of the customer journey in real time. This is one of the most important things brands can do as it leads to huge lifts in both customer acquisition and retention.

By measuring unique identities and content consumption signals on a regular basis, brands can not only create dynamic audience clusters, but monitor behavioral signals in real time to identify specific, actionable micro-audiences (as well as individuals) ready for marketing engagement.

On timeliness

While both traditional and digital marketing methods can reach the right consumer in the right place, only one can connect with consumers at the right time as well—digital.

As businesses fight to keep the doors open and the lights on during the recession, it will be more important than ever for marketers to grab consumer attention when it's most valuable—in the moment of need.

Through a digital-only combination of data, intent signals, and AI, marketers and the brands they represent can engage with prospective customers when they're most receptive to hearing about a product or a service.
But there's another aspect of timeliness to consider as well—set up time.

Virtually any digital marketing campaign can be built and deployed across a wide range of audiences and geographies in less time than it takes to deploy a similarly-sized traditional marketing campaign. Moreover, with digital, it's quicker and easier to measure the performance of any campaign, and make real-time optimizations as required.

On access

For brands that intended to utilize live events in conjunction with strategic out-of-home marketing campaigns, the postponement of things like SXSW, Coachella, and The NBA Finals dealt a devastating blow. The good news is, digital marketing offers brands a way to access and connect with all the consumers they would otherwise miss out on for the duration of the COVID-19 recession.

Strategically pivoting from traditional to digital is an incredible opportunity for front-footed brands. While more back-footed brands continue to sit on their out-of-home marketing budget, proactive marketing teams will continue to pursue live-event audiences through digital means like Connected TV (facilitating the capture of much needed revenue throughout the recession in the process).

On retention-based growth

During times of fiscal constraint, one of the easiest ways to boost sales and revenue while spending as few dollars as possible (e.g. maxing out ROI) is by growing the value of existing customer relationships.

Customer retention is more economical than Customer Acquisition

5–25x

Acquiring a new customer is **5–25x** more expensive than retaining an existing one

In the months ahead, brands will need to do everything in their power to wrap their arms around those existing customers with the highest probability of being profitable in the near term.

21% Millennials are willing to spend up to 21% more with companies for great service.

To succeed in this aim, marketers need the kind of real-time insights that are only achievable through digital means.

Specifically, they must acquire and make use of transactional, geographic, and other contextual signals to clearly understand if customers are:

+ Engaging with competitors
+ Considering competitors
+ Losing interest with specific products
+ No longer identifying with certain messaging
+ Demonstrating intent to churn

The signals and data sets that come with digital can shed light on why a customer might think about moving to a competitor based on their real-time interests and engagement preferences. In identifying this "why", marketing optimizations can be made to mitigate churn while simultaneously boosting retention and upsell.

On waste

A squandered marketing budget is perhaps the biggest bane of CFOs anxious to cut back on their expenses. However, the likelihood of money being wasted on digital marketing is small (or at least it's small when it's being done properly) due to the new tools and techniques now available to all marketers.

Solutions such as deterministic data, enhanced attribution measurement, AI-powered personalization, and emerging channels such as Connected TV and video on demand, are drastically reducing the probability of marketing waste.

For example, by utilizing ID matching technology in unison with available contextual, behavioral, transactional, and geographic signals, marketers can significantly increase the likelihood of reaching individual consumers at the right time with the right message. This enhanced timeliness and relevance subsequently reduces the risk of missing out on a conversion or wasting precious marketing dollars on the wrong channels.

Where to Invest in Digital in the Months Ahead?

There are many aspects of digital marketing that brands must weigh for potential investment. However, Zeta believes that six categories in particular are worth additional attention in terms of generating the best possible marketing outcomes during the current recession:

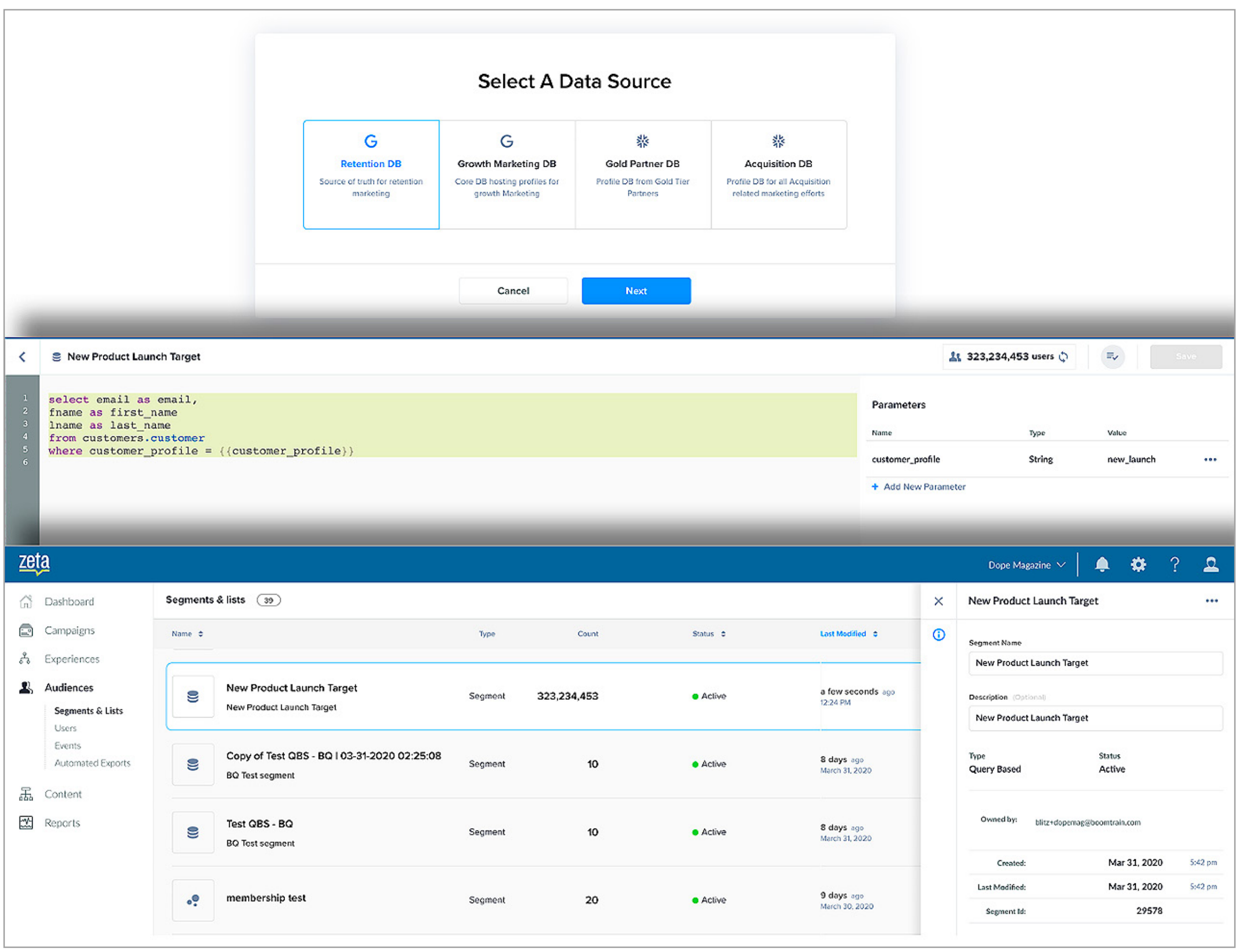
- Data management
- Identity Resolution
- Deterministic measurement
- Connected TV
- Acquisition email
- Traditional email (CRM)

Data management

Yes, the best data is always first-party data, but during a recession, even great first-party insights aren't enough.

To that end, it's important for marketers to find a strategic partner capable of blending a brand's first-party data with third-party interest data, intent signals, and deterministic identity resolution.

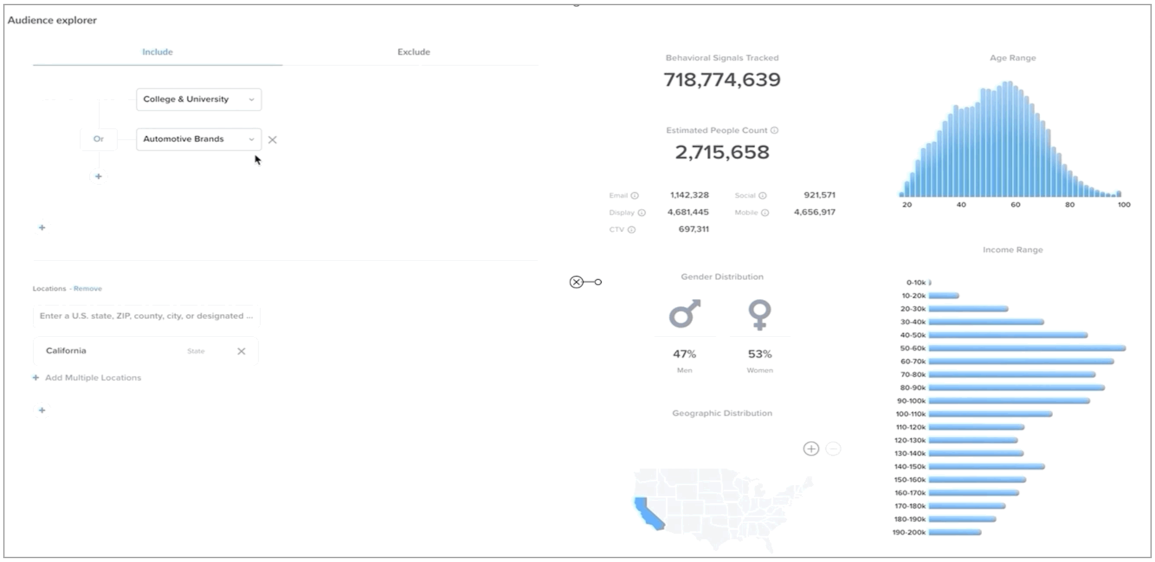
In doing so, brands can activate their paid and owned marketing channels with increased effectiveness, deriving maximum growth from key audiences and customer lookalikes.



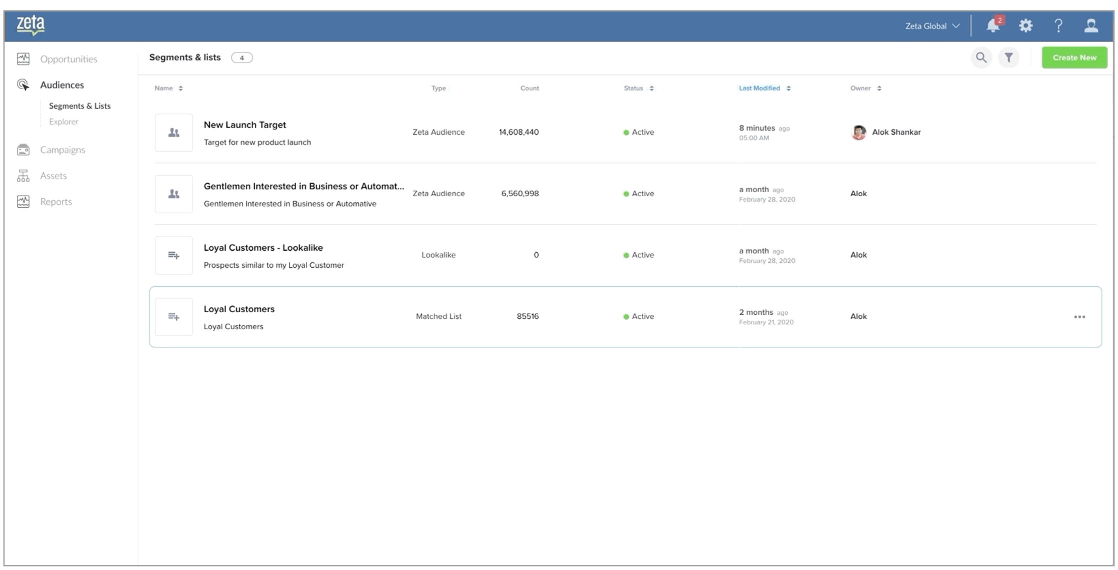
Identity resolution

Marketers are famous for focusing on the known—known identities, known prospects, and known customers. But in focusing exclusively on “known” identities, marketers are selling the brands they represent short.

The truth is, there’s a whole pool of anonymous consumers just waiting to be identified, targeted, messaged. To capitalize on this opportunity, brands and their marketing teams must learn to embrace identity resolution technology.



ID resolution is the only way to find each and every high-value prospect available all across channels. Matched against intent signals (behavioral signals, geographic signals, etc.), ID resolution can deliver much-needed new customers, new sales, and new revenue streams.



But that’s not all. Identity resolution technology also helps eliminate marketing waste, while simultaneously making it easier to deploy accurate, consistent messaging to consumers on any device and across any channel.

Deterministic measurement

To avoid wasting precious dollars (and to understand the true impact of media exposure during a recession) brands need to go beyond multi-touch attribution by diving into deterministic measurement.

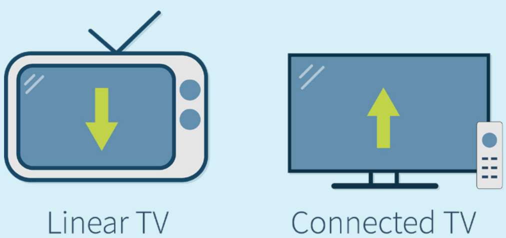
As marketing analysis solutions go, deterministic measurement removes the subjectivity, assumptiveness, and sheer lack of transparency that taints traditional modes of attribution like:

+ Click-Through
+ Last-Click
+ View-Through
+ Algorithmic

While traditional modes of attribution aren't valueless, they come with limitations that deterministic measurement can overcome. In particular, **channel variance** (i.e. targeting discrepancies across channels that skew performance metrics) and **non-actionable findings** (i.e. performance observations that can't be acted upon).

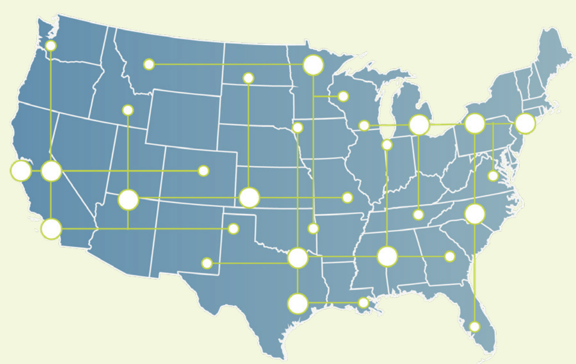
Addressable Television

Zeta's research shows more than 70% of American adults under the age of 54 watch video programming through addressable television every day. That viewership comes at the expense of linear TV, which is losing its decades-long grip on at-home entertainment (by the latest estimates, there will be close to 210 million Connected TV users in the US by the end of 2022[19]).



Since 2016, linear TV consumption is down 8.5% and **CTV consumption is up 55.1%**

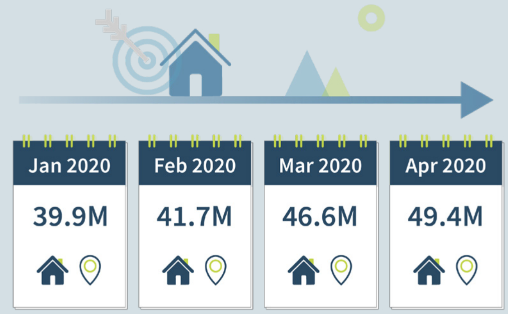
This surge in usage will only be expedited due to the COVID-19-sparked recession as television becomes the preferred escape while bars, restaurants, movie theaters, concert venues, and other bastions of entertainment operate at reduced capacities (or remain closed altogether).



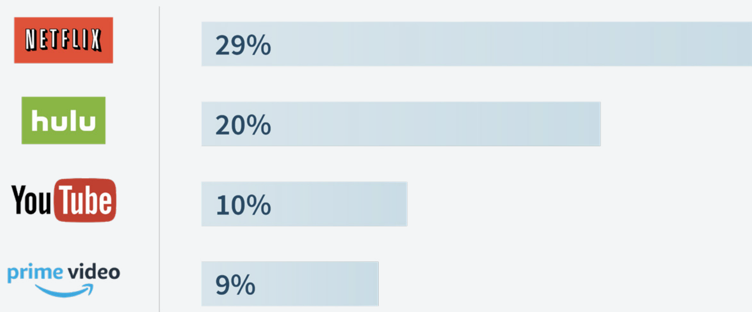
Since the start of 2020, weekly reach for streaming content has grown **15X faster** than traditional, linear content

19 https://forecasts-na1.emarketer.com/584b26021403070290f93a3a/5851918a0626310a2c1869b8

+70% of Americans (18 to 54) watch video on a CTV device every day



From January to April 2020, the number of Zeta's **targetable households** in the CTV landscape increased by a total of **23.6%**



As TV usage trends upwards, subscription video on-demand providers (e.g. Netflix, Hulu, Disney+, ESPN+, etc.) will see the largest spikes in operation, followed closely by advertising-based video on-demand providers like PlutoTV, Crackle, and YouTube.

Marketers should view the growing adoption of addressable tv as a good thing, and be quick to tap into its portable, quality ad supply. By combining first- and third-party data, marketers can target known audiences and specific households while simultaneously managing ad frequency and fragmentation.

Acquisition email

As acquisition solutions go, nothing is as cost-effective or underutilized as email, which is why it's a tool every brand needs to add to its marketing toolbox during this recession.

124%

The median ROI for an email marketing campaign

91%

of consumers use email daily

This is especially true considering 91% of consumers use email every single day, and 37% of purchases are directly influenced by email offers.

Of course not every brand can do email acquisition on its own—some will need to look outside their organization for partnerships. In that pursuit, brands should consider partners capable of offering full-service support.

Such a partner will make it easier to not only develop and optimize effective campaigns, but do so as quickly as possible. This, in turn, will make it easier to combat the economic lethargy created by the recession, and drive more ROI through email than competing brands.

Traditional email (CRM)

As the recession progresses and a coronavirus vaccine remains undiscovered, consumers will keep spending abnormal amounts of time on their devices. This makes traditional email an extremely lucrative marketing channel given its flexibility, addressability, broad reach, and low cost. In particular, traditional email should be used during the recession to maximize the effectiveness of education, nurture, and retention initiatives.

Based on prevailing trends, Zeta expects clients to continue making exceptional use of email to distribute contextual, personal, and relevant messaging that both improves customer loyalty and lifetime value. Especially clients holding access to large lists made more effective by enhanced quality segmentation abilities.

Omnichannel

All of the above digital investment opportunities roll up into the idea of 1:1 omnichannel activation.

Omnichannel activation empowers brands by allowing them to reach specific consumers (e.g. regular SXSW attendees) across every channel (e.g. display, social, email, Connected TV, etc.) and every device.

Of course, many brands and businesses think they already engage in omnichannel marketing because they run campaigns targeted at similar consumer segments (e.g. “Millennials”) across multiple channels.

But this isn’t true omnichannel marketing.

While all campaigns might target “Millennials”, each campaign could have a different audience definition, or take a different approach to execution across each channel. In other words, these Millennial-focused campaigns are at risk of targeting different people, even though they’re supposed to be targeting the same prospects.

For brands to succeed with omnichannel marketing, an omni-vision (i.e. direction) must come from the executive team. There must be organizational alignment and incentive alignment, in addition to experienced personnel, external partners, and compliance teams all working in an agile environment with a shared goal in mind.

There must also be an investment in a robust technology stack that incorporates:

+ Centralized data management
+ Consumer identity
+ Consumer intent
+ Decisioning
+ Campaign execution
+ Personalization
+ Measurement
+ Optimization

What Are the Opportunities for Specific Industries?

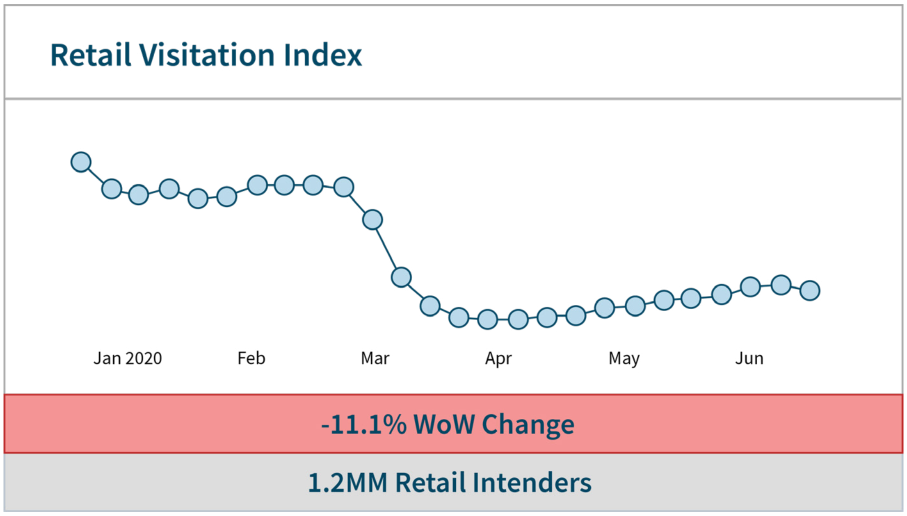
Every recession comes with areas of opportunity, and the recession spurred by COVID-19 will be no different. For brands and marketers working in the following key industries, there will be unique opportunities to cultivate positive business outcomes in the months ahead.

Retail

COVID-19 is hammering the retail industry, with data suggesting global and domestic retail sales will decline by more than 9% each—a loss worth in excess of $2 trillion dollars.[20] This precipitous decline is tied to the loss of foot traffic for brands that rely heavily on brick-and-mortar.

Foot traffic to: [21]

+ Big box retailers (e.g. Target) is down 25.2%.
+ Popular department stores (e.g. Macy's) is down 91.5%.
+ Specialty retail locations (e.g. Williams Sonoma) is down almost 70%.



As states gradually reopen and consumers slowly return to retail, there will be opportunities for brands to make up for lost time.

To capitalize on these opportunities, retailers must take a more thoughtful, tech-driven approach to marketing. One that focuses on targeting the most engaged customers and prospects as determined by available data and audience modeling. The need for this focus is tied to the fact consumers will be more price sensitive than brand loyal in the months ahead, seeking out the best deals and patronizing the retailers that offer them.

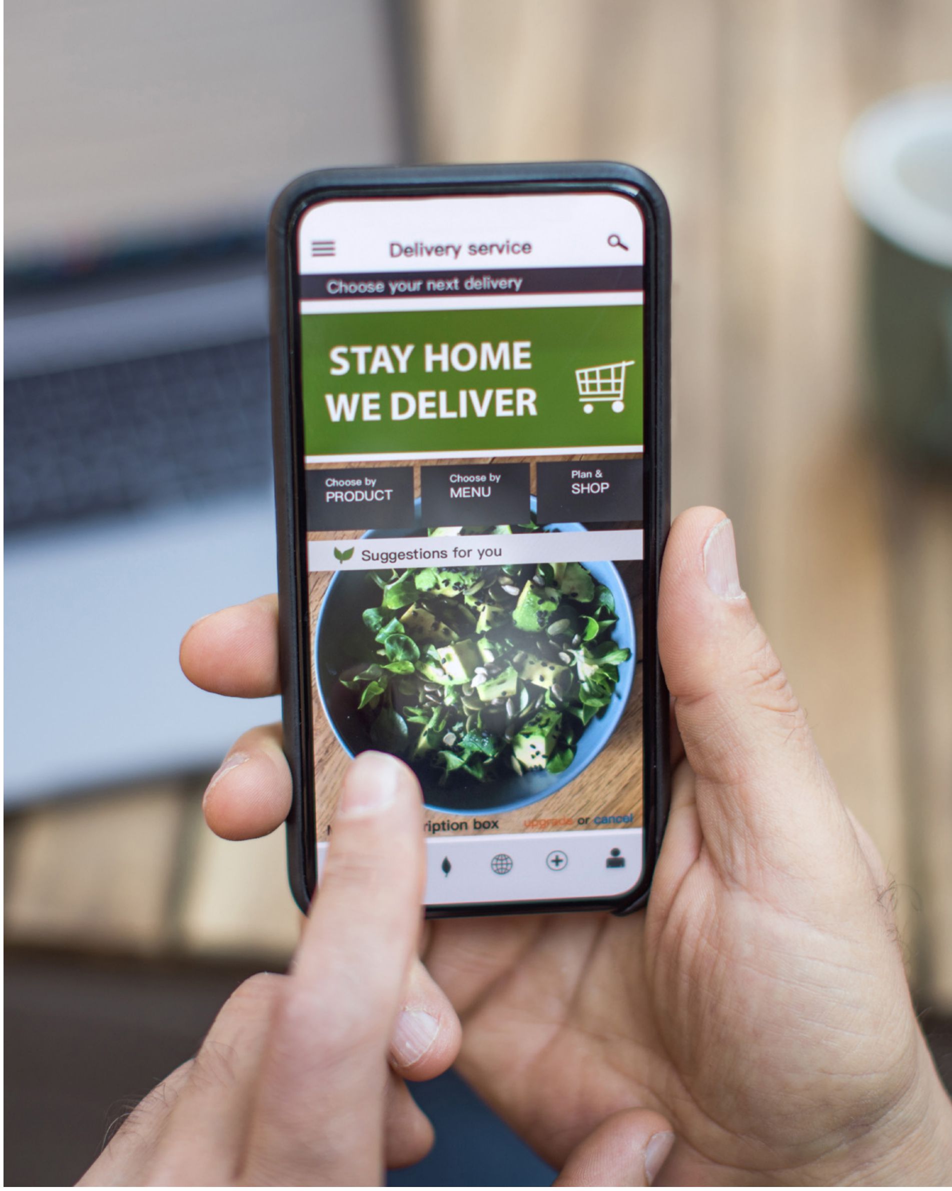
Retail marketers will need to use loyalty data, transaction data, geographic data, and any other available behavioral signals available to better target and connect with those consumers ready to resume discretionary spending.

20 https://go.forrester.com/press-newsroom/forrester-retail-will-see-a-2-1-trillion-loss-globally-in-2020-due-to-coronavirus-pandemic/
21 https://inmarket.com/covid19/strategic-toolkit/retail/

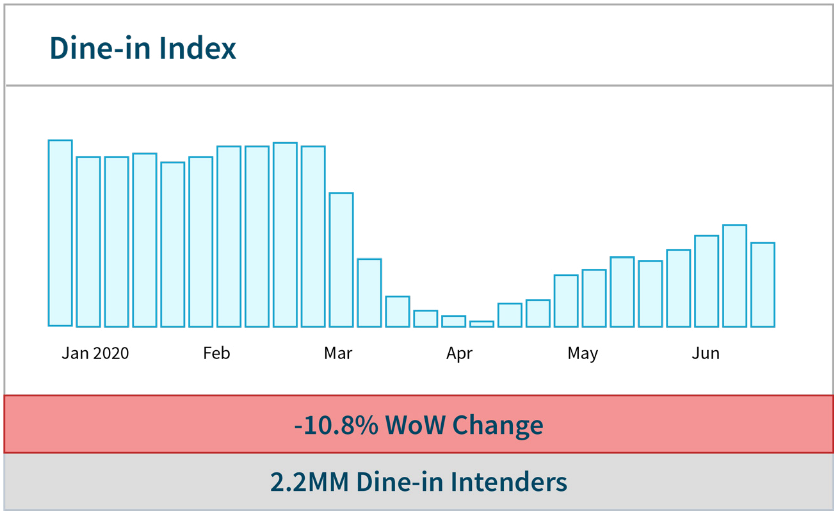
Quick-service and fast-casual restaurants

Like retail, quick-service and fast-casual restaurants are suffering in the face of a shelter-in-place recession. According to the latest projections, more than 7 million industry employees could be without work by the end of Q2 2020[22], while the industry sheds as much as $75 billion dollars in market capitalization.[23] More concerning?—Some key industry players like NPC International Inc. (the owner of more than 1,200 Pizza Huts 380 Wendy's) are expected to file for bankruptcy before the end of the year.[24]

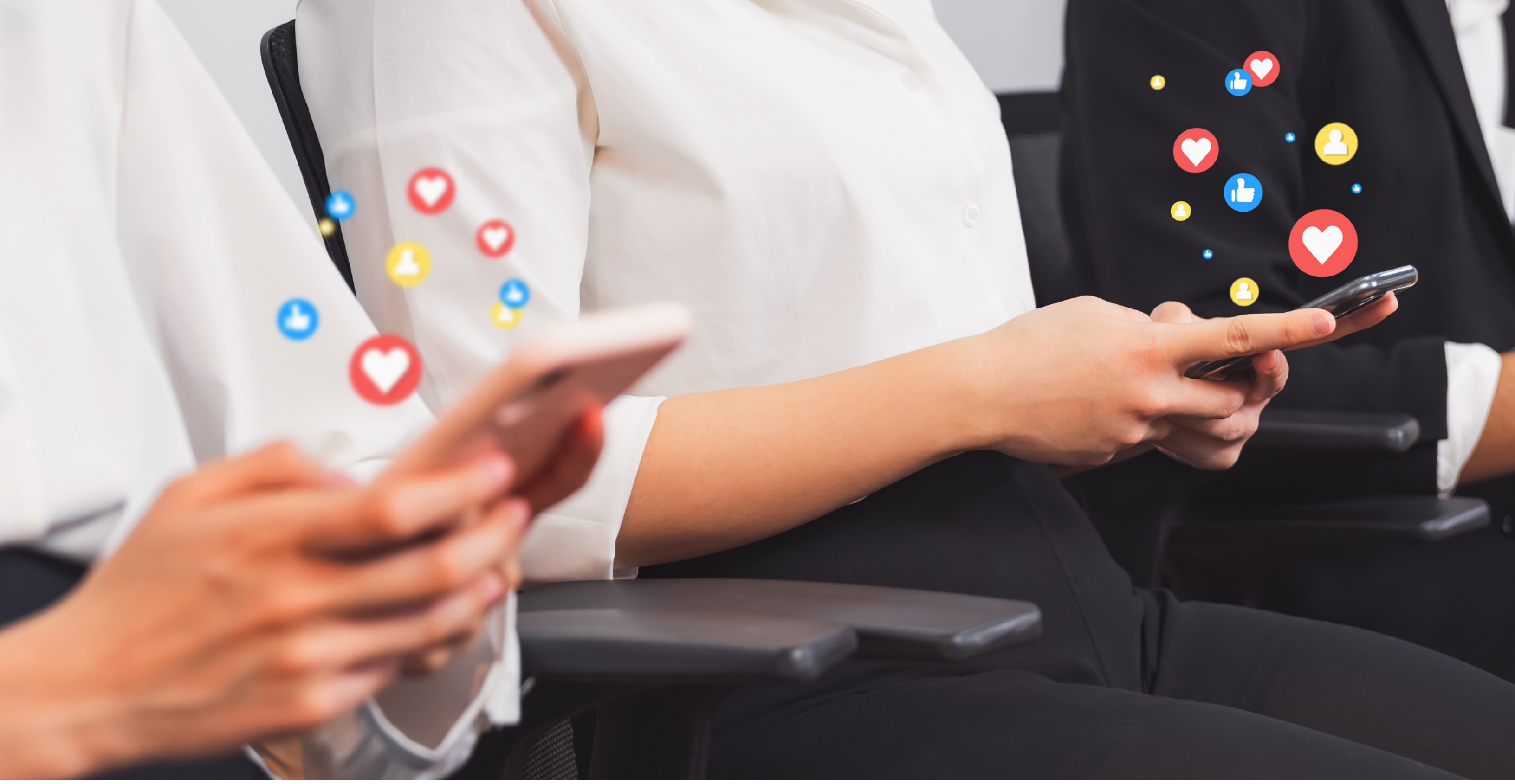
But the news isn't all bad. Historically, quick-service and fast-casual restaurants exit recessions better than they start them. The menu diversity, convenience, and lower checks associated with QSR and FCR dining help keep cash-strapped eaters coming in the door when they're priced-out of other restaurants.[25]



So, even though March and April were rough months for the industry, the resumption of dine-in service, coupled with higher-than-normal demand for drive-thru, should lead to strong gains by the end of the year.[26]



22 https://www.mckinsey.com/industries/retail/our-insights/delivering-when-it-matters-quick-service-restaurants-in-coronavirus-times
23 https://aaronallen.com/blog/restaurant-industry-coronavirus
24 https://www.wsj.com/articles/fast-food-franchisee-npc-international-expected-to-file-for-bankruptcy-11593486101
25 http://www.pacificmanagementconsultinggroup.com/articles/researchrecap073009.pdf
26 https://la.eater.com/2020/5/12/21255064/drive-thru-fast-food-restaurants-los-angeles-lines-coronavirus-drone



Of course, nothing is guaranteed.

To sustain any positive momentum gained in the last few weeks (and offset the damage from what appears to be a second COVID-19 outbreak[27]), quick-service and fast-casual restaurants need to adjust their marketing to meet the unique realities of this recession. In addition to stepping away from traditional marketing channels that rely on foot traffic to succeed (e.g. billboards, transit wraps, etc.), investing in personalized, real-time digital messaging will become increasingly important.

The reason for this is two-fold:

1. Real-time messaging makes it easier for quick-service and fast-casual restaurants to command attention from prospective diners when hunger strikes.

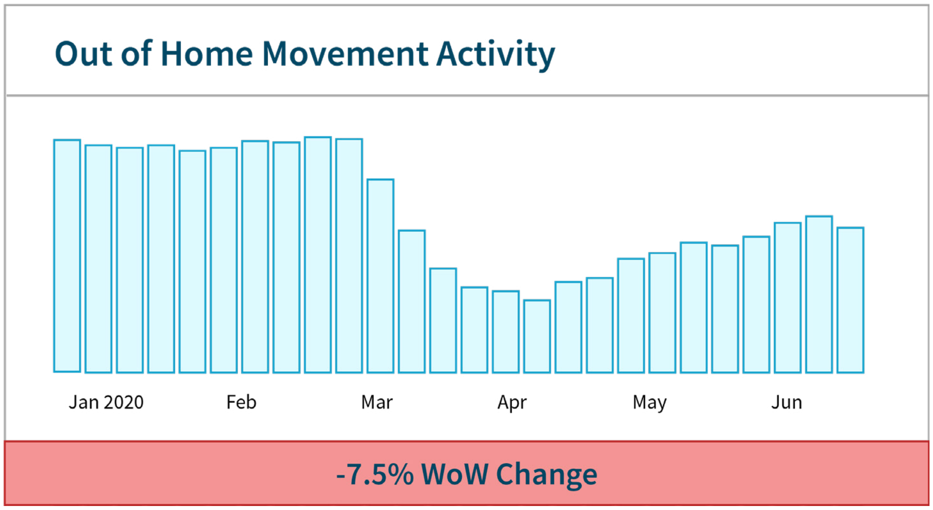
2. Digital ordering for quick-service and fast-casual dining is up nearly 200% according to Zeta's internal data signals, and many of those patron's will continue to place their orders digitally even after in-restaurant ordering resumes.

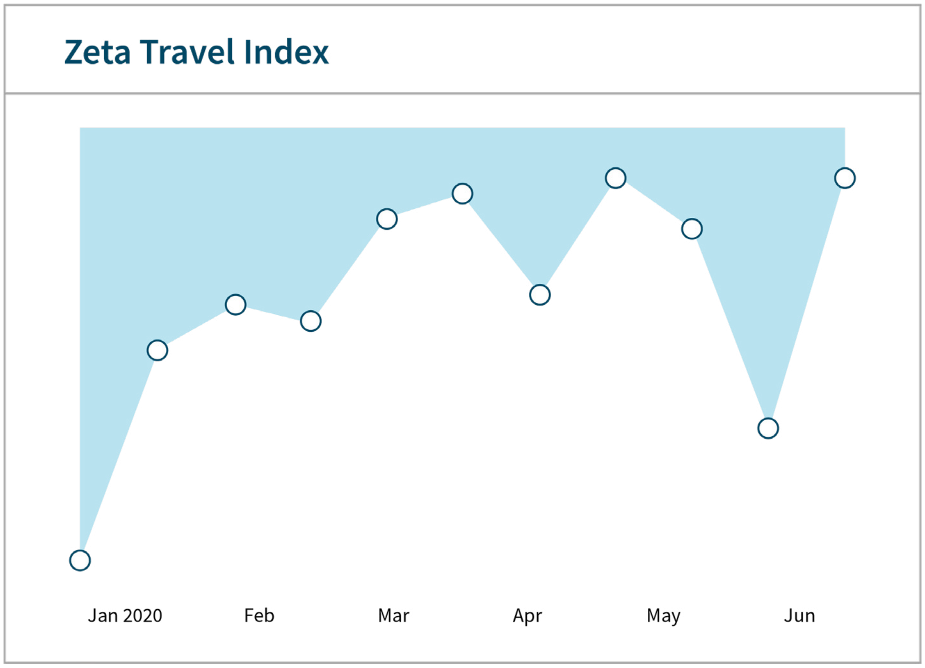
To succeed with real-time messaging (and in understanding real-time customer value) brands must acquire rich, data-based insights that illuminate the realities of the customer journey. As an example of this, Zeta uses more than 18 billion monthly content consumption signals to create dynamic audience clusters for its quick-service and fast-casual clients. These signals, when combined with other real-time inputs make it possible to identify specific, activatable customers in their moment of need and ready for engagement (i.e. hungry).

27 https://www.theguardian.com/world/2020/jun/27/new-covid-19-clusters-across-world-spark-fear-of-second-wave

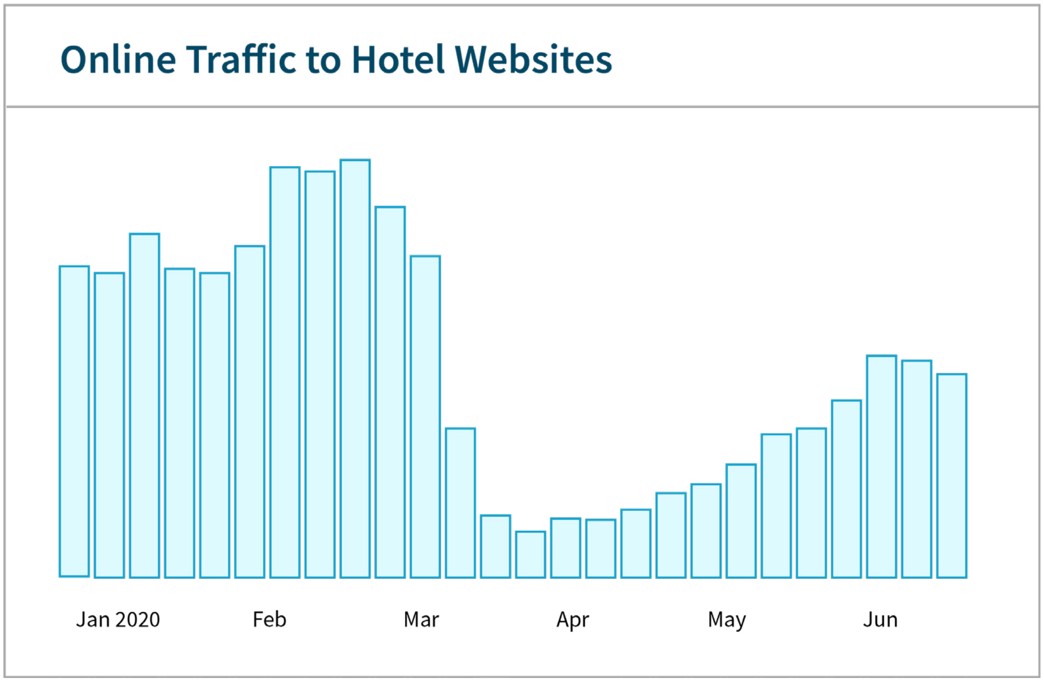
Travel and hospitality

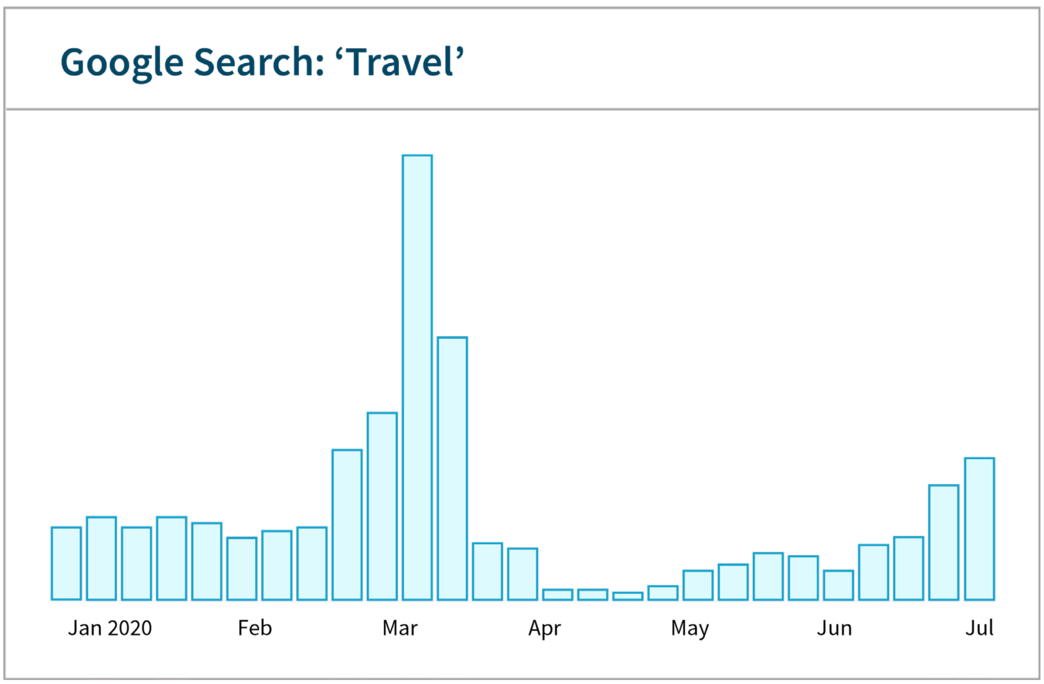
With losses in jobs and year-over-year revenue already at 45.8%[28] and 34% respectively,[29] it's clear the travel and hospitality industries are hurting. However, there appears to be good news on the horizon. Consumers, fatigued from shelter-in-place requirements, are anxious to get out of the house and go somewhere. This is evidenced in data collected by Zeta including Out-of-Home Movement Activity signals, Travel Index signals, and hotel website traffic.





28 https://data.bls.gov/timeseries/CES7000000001?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true
29 https://www.ahla.com/system/files/AHLA%20Economic%20Talking%20Points-Updated%206.3.20.pdf





While the aforementioned positive trends are welcome news for an industry desperate to stem the bleeding related to this nascent recession, travel and hospitality professionals need to know the road ahead is paved with challenges.

Yes, consumers are starting to resume vacation planning, but they're doing so slowly and cautiously. The pool of available consumers will be smaller and shallower than usual for the duration of the recession. That means every hotel, resort, tourism board, etc. can expect a hyper-competitive marketplace where all brands vie—and vie aggressively—for whatever consumer dollars are available.

To succeed in such a competitive environment, travel and hospitality brands can take a number of steps to give themselves a proverbial leg-up over the competition:

+ Better embrace data analysis
+ More effectively deploy site tags
+ Deploy engagement scoring practices
+ Leverage data signals to activate paid marketing

But, as Zeta sees it, nothing will do as much for a travel or hospitality brand in the months ahead as studying and rolling out the strategic media plan displayed below.

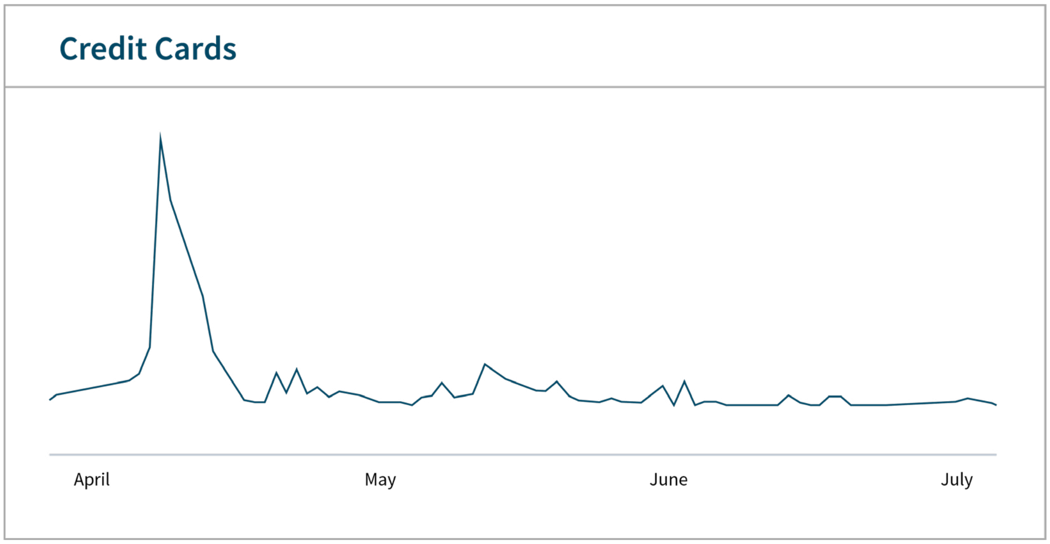
Channel/Tactic	Approach	Phase 1 Month 1	Phase 2 Month 2	Phase 3 Month 3+
Brand Search	Capture low hanging demand while reassuring guests of a clean and comfortable stay			
Metasearch	Maximize the extent of low-funnel search, ensuring top brand exposure at parity with OTAs			
Retargeting	Leverage 1st party website data to increase conversion rate and remind guests why you should be their top option			
Acquisition Search	Once new baselines are established on previous channels and tactics, expand in-market demand capture to broader endemic terms			
Display & Social Prospecting	Incrementally test back into in-market and predictive audience segments as people start reconsidering new travel plans			

Financial services

Unemployment, insufficient debt relief, dipping asset prices, dwindling cash reserves, and market uncertainty are a part of any recession and this one is no different. To combat the months-long stream of bad news since March, central banks across the globe (including the U.S. Federal Reserve) are doing everything they can to keep capital flowing across industries. So far the aggressive tract taken by central banks is working, as evidenced by the relative stability experienced in the financial services sector as compared to other industries.

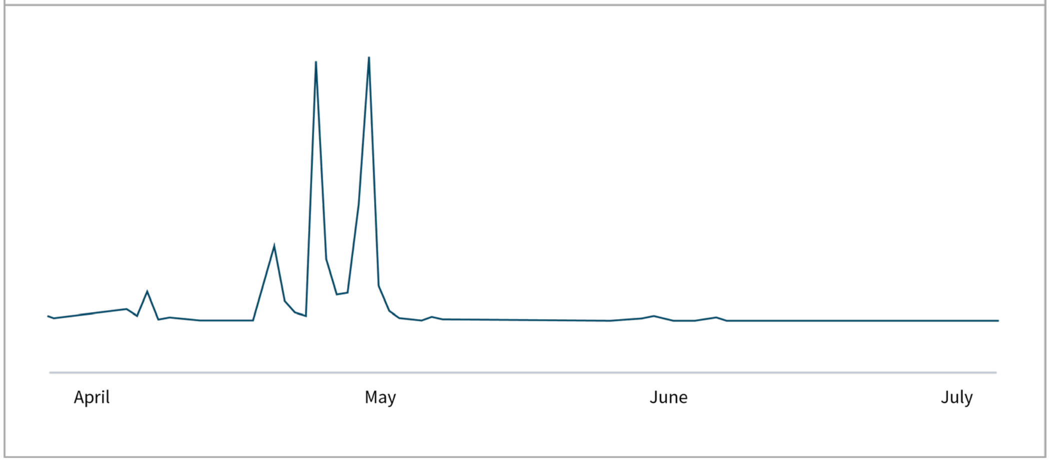
Having said that, the financial services industry isn't without its own challenges, some as unique as this recession.

Consumer demand for credit is growing at a breakneck pace, with the select usage of instruments like credit cards increasing by as much as 21% since the start of 2020 (with a clear surge in content consumption coming after President Trump declared a national emergency on March 13th).[30]

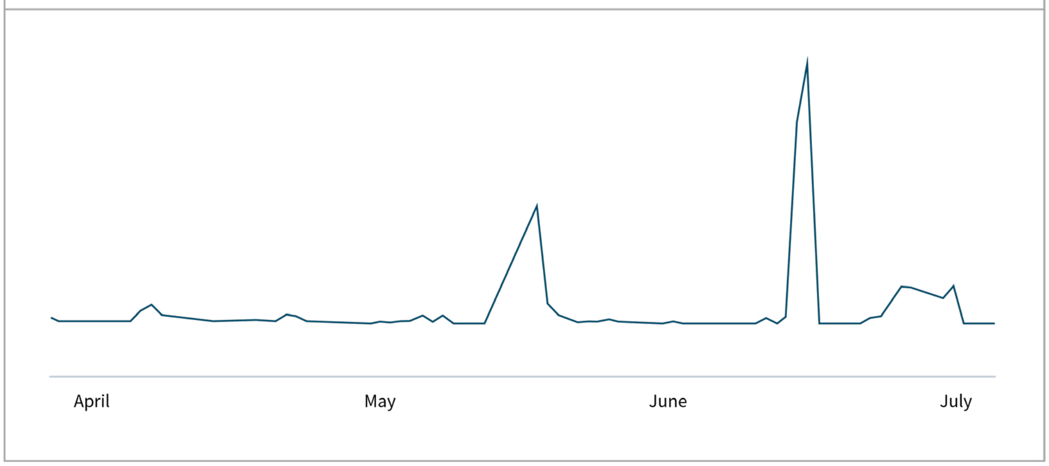


30 https://content-na1.emarketer.com/credit-card-use-on-the-rise-during-the-pandemic-among-us-consumers?ecid=e0f301d-3556c428fbf9bfc87aa62ce0d

Paydays



Home Loans



Such rapid expansion in demand poses a number of risks, given that consumer "credit quality may deteriorate" at a moment's notice,[31] and excessive demand places a heavy burden on the existing models used to predict creditworthiness in consumers.

To cope with this recession-related challenge, banks and other key financial services providers must search for better real-time indicators of consumer credit quality (e.g. employment, propensity to pay, etc.). Fortunately, this can be accomplished for the duration of the recession by acquiring and assessing signal data associated with key consumer variables like:

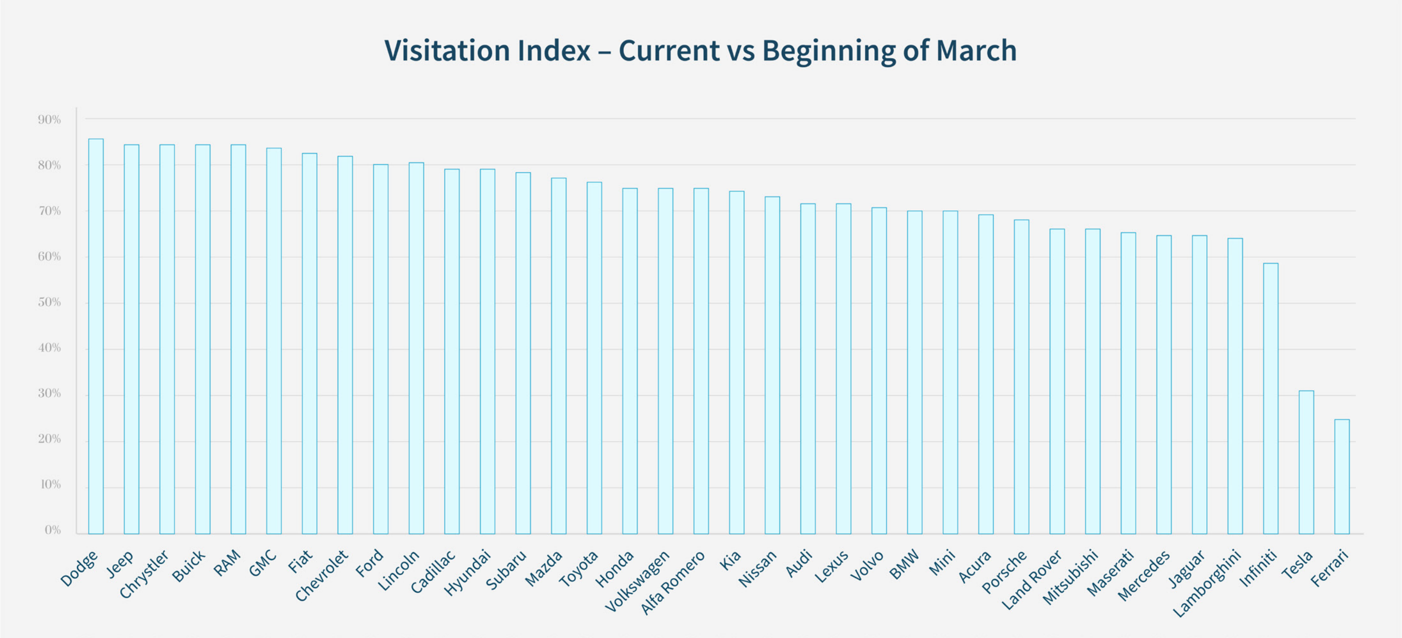
+ Occupational risk (industry, job title, etc.)
+ Online behavior (search habits, career site activity, etc.)
+ Lifestyle patterns (e.g visiting a pay-day loan business, going to a casino, etc.)

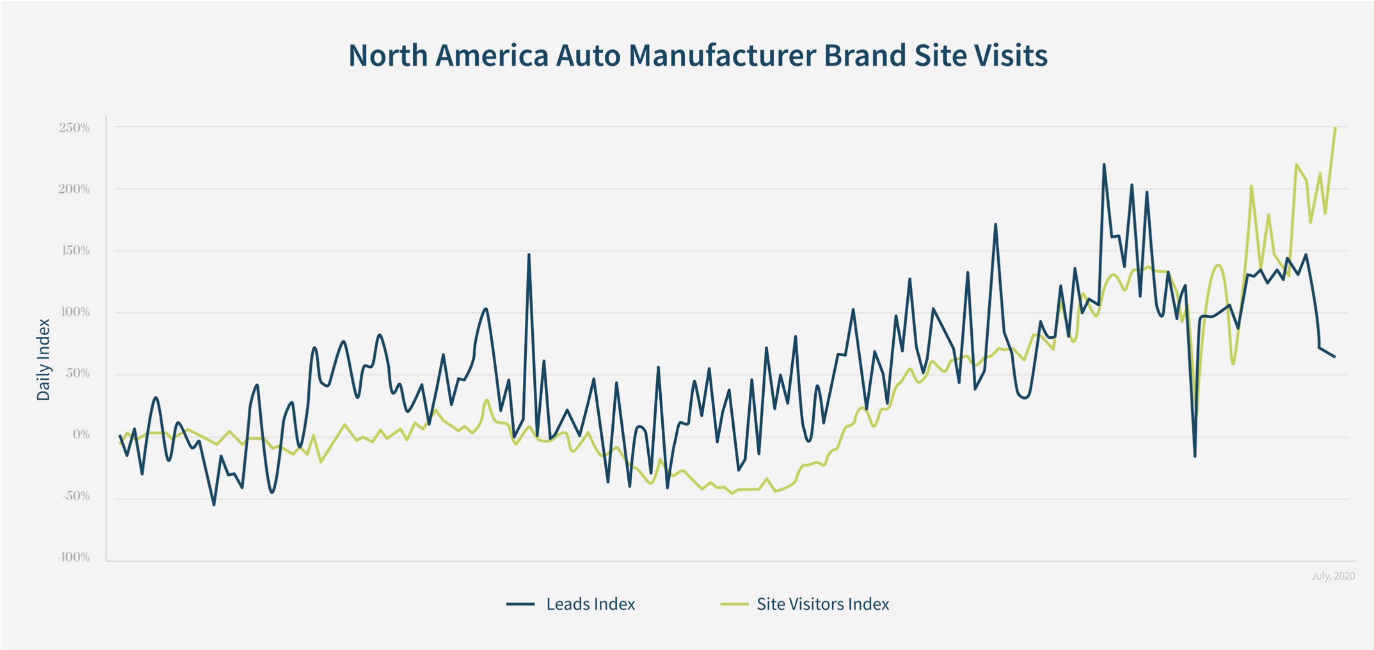
In utilizing signals like these, financial services businesses gain the ability to identify ideal consumers in a fast, reliable, and low-cost way despite the surge in demand related to the recession.

31 https://www.pwc.com/us/en/library/covid-19/coronavirus-banking-and-capital-markets.html

Automotive

Spurred by expanded online purchase options, aggressive advertising, and lucrative incentives, consumers are still showing interest in new cars. This is somewhat surprising given the depth of unemployment and the gravity of the current recession. Dealer visitation continues to increase since the start of March, as does manufacturer website traffic.





These signals indicate at least some consumers are prepared to make big-ticket purchases in the coming weeks and months. This is welcomed news for the automotive industry as a whole, given how damaging the first four months of the year were the bottom line. From January 1st to April 30th, new vehicle sales across the industry declined by more than 30% (compared with 2019[32]), and the sector lost more than $125 billion dollars in market cap.[33]

Here are a handful of the lowlights:

General Motors
An 87% loss in net income quarter over quarter

Goodyear
Quarterly new loss of $619 million dollars

Honda
48% drop in sales in March 2020 versus March 2019

Ford
Q1 2020 net loss of $2 billion dollars

Hyundai
Sales slipped by 11% in Q1 2020 versus Q1 2019

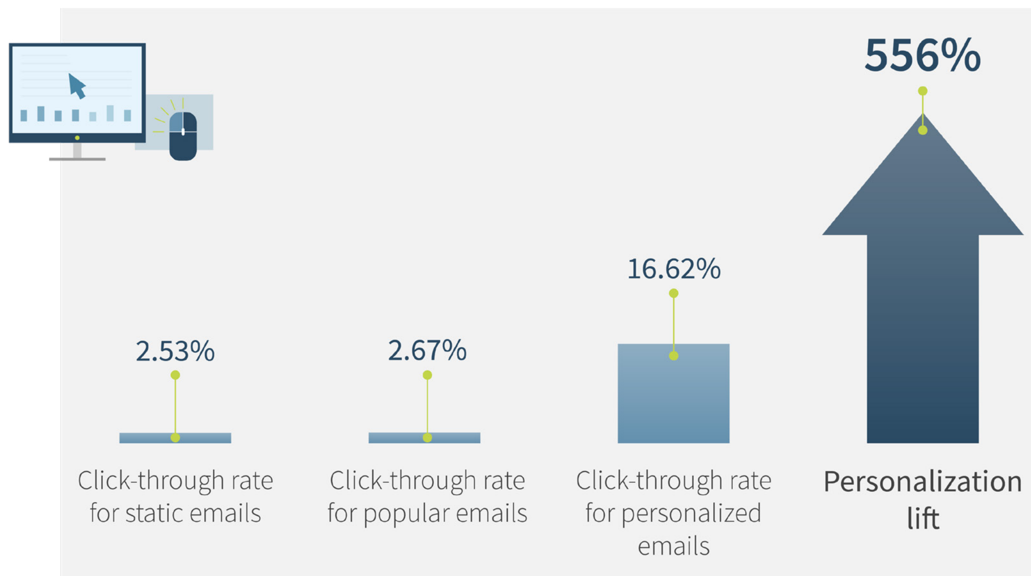
BMW
A 15% decline in new vehicle sales

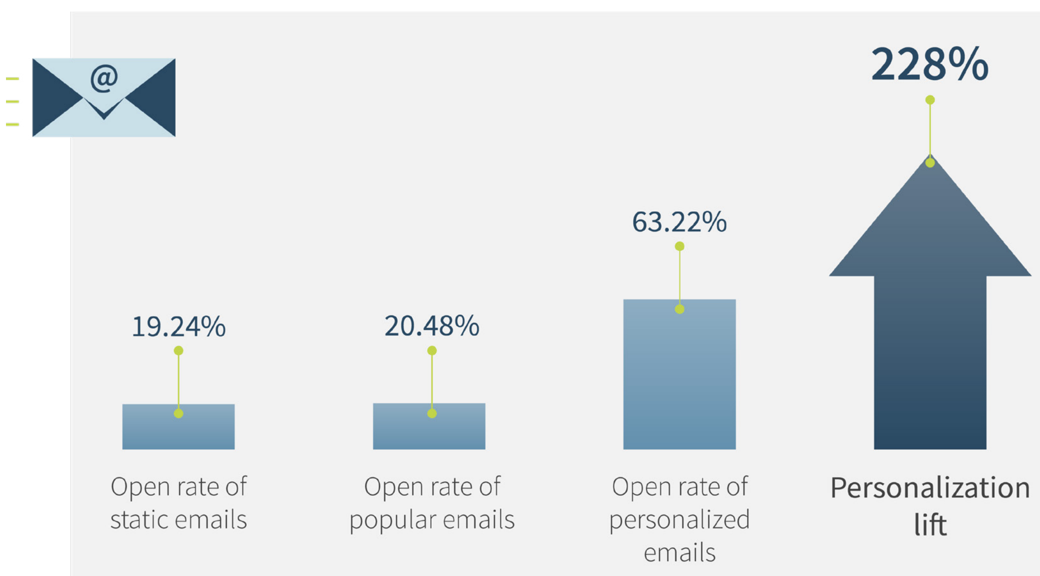
32 https://www.cnbc.com/2020/04/17/ford-warns-of-2-billion-loss-in-first-quarter-due-to-coronavirus.html
33 https://www.barrons.com/articles/used-car-prices-cratered-heres-what-that-means-for-ford-gm-51587396560

Welcomed as the news is, it's only a drop in the bucket. To make up for the dismal first half of the year, car makers will need to expand their investment in key marketing technologies including AI-powered website personalization and personalized email.

With AI-powered website personalization, the automotive industry can deliver custom content and creative that adapts in real time to the interests (as well as the lifecycle stage) of the individual car shopper. Ideally, the AI-powered personalization engine should tie anonymous website visitors with known consumer IDs pulled from a data cloud to increase conversions via in-page and site overlay personalization. This kind of curated experience expedites customer acquisition and simplifies customer retention in both the short and long term.

With personalized email, artificial intelligence can inject custom content and product offerings based on known interests, demographic information, and real-time behavioral observations. Moreover, this kind of personalization can be incorporated across all email touchpoints (subject line, creative, send time, send frequency, etc.) leading to improved email performance, and better marketing ROI.



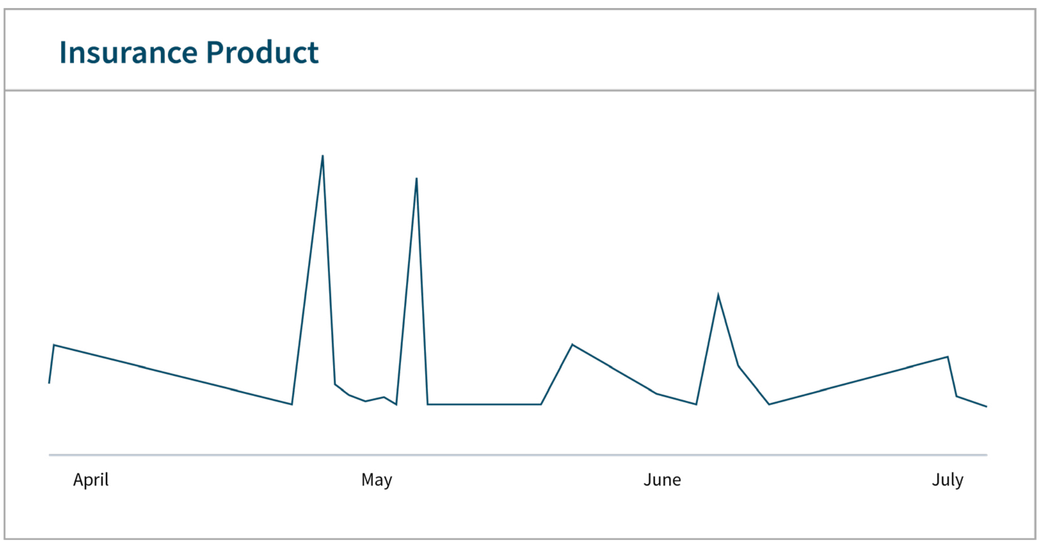


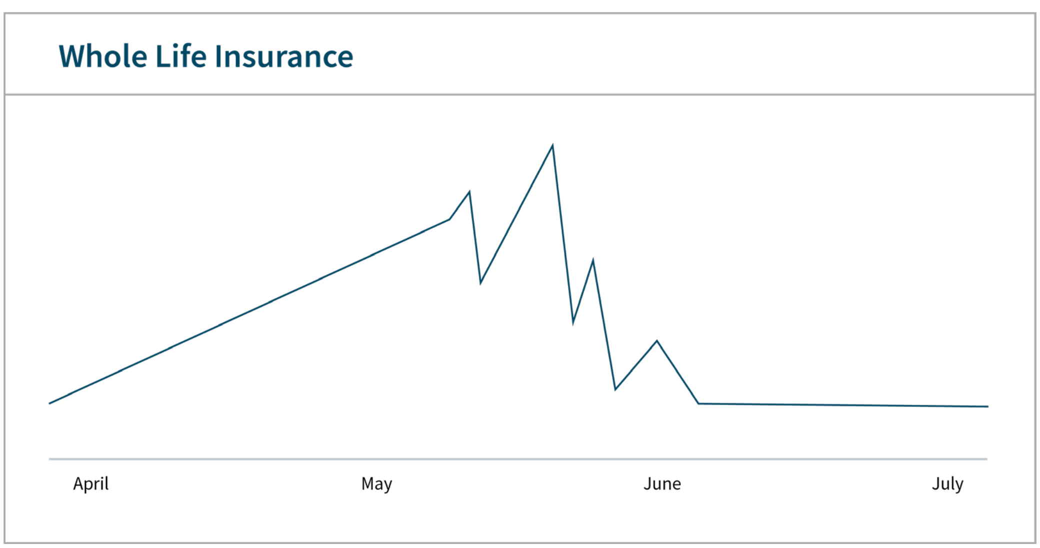
Insurance

Even though collecting premiums is more difficult due to the unique nature of this recession (namely that businesses are closed and unemployment is high), the insurance industry is still poised for growth. This is especially true for those insurance providers who traditionally under utilize online marketing technologies and channels.

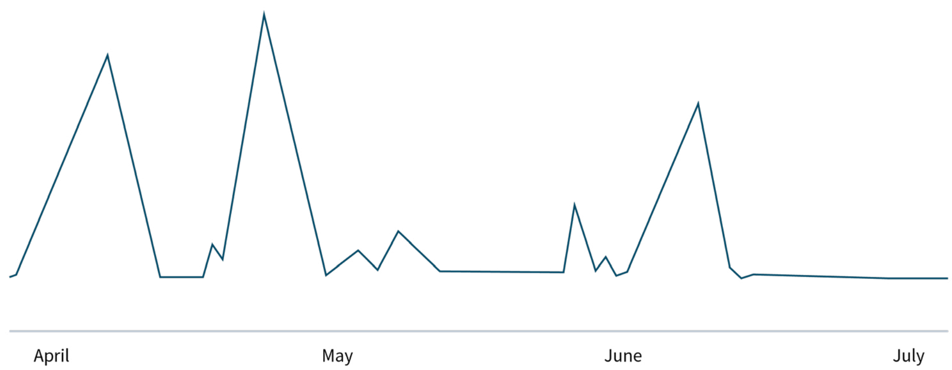
As more and more people make the shift to digital-first in terms of their media consumption and how they spend their free time, insurers can capitalize on digital marketing to engage with prospective consumers. This transition from analog to digital will also create new market opportunities for non-life insurers looking to broaden their customer portfolio through the provision of new products and services (e.g. cybersecurity insurance).

But the most important thing to note as this recession progresses is that both individual consumers and businesses are expressing more interest in insurance in general. This is likely related to the economic uncertainty that is naturally created during any recession, and is currently being amplified by the questions surrounding the progression of COVID-19. Based on Zeta's research, general demand for insurance products—as well as demand for specific products—continues to trend upwards overall, despite the financial climate.

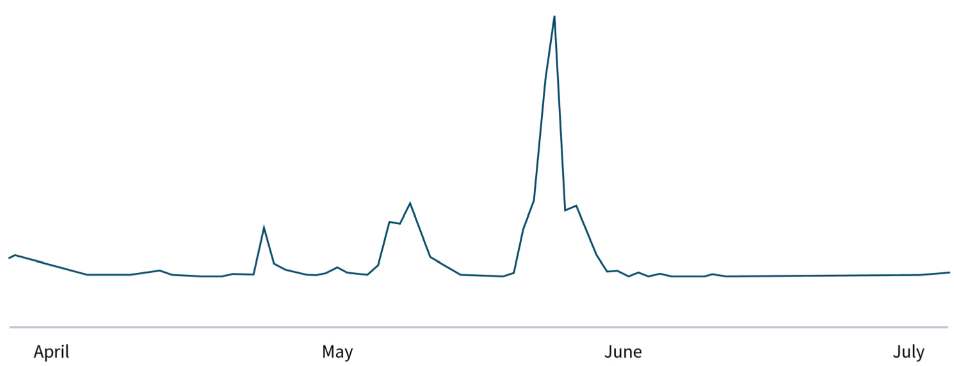




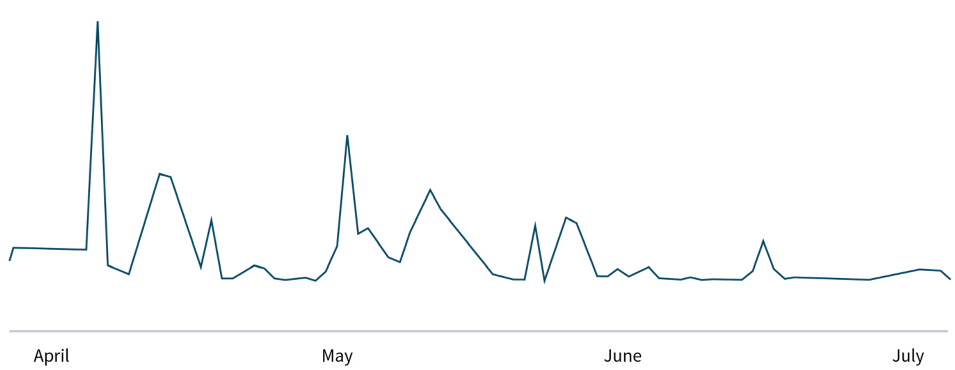
Dental Insurance



Medical Insurance



Reinsurances



The Reality of a Recession

As the economy fights through this coronavirus-induced recession, brands need to remember one thing above all:

Keep investing in marketing.

The economic pullback stemming from the coronavirus won't last forever, and slashing today's marketing budget will only hurt tomorrow's bottom line.[34] If only a single lesson is to be taken from the previous recessions it's that increasing marketing investment during times of economic turmoil usually delivers significant lift for both long-term sales and brand growth.[35]

Consumers don't stop spending during a recession, they just stop spending frivolously. They become more selective—more willing to take their time and weigh their options prior to making a purchase. There will still be plenty of consumer cash floating around to line the coffers of even the most ambitious businesses; but only if those businesses stay the course when it comes to marketing.

To be clear, an aggressive posture doesn't mean brands have the freedom to blindly throw money into marketing (now more than ever it will be important to monitor the impact of every dollar spent in terms of its influence on awareness, leads, sales, and retention). But it does mean extracting positive ROI from marketing during a recession isn't just possible, it's likely as brands with less fortitude cut spend, turn inward, and become less competitive in the marketplace.

34 https://www.latimes.com/entertainment-arts/business/story/2020-03-11/coronavirus-fears-economy-advertising-market
35 https://www.thedrum.com/news/2020/03/05/coronavirus-will-impact-ad-spend-could-drive-shift-utility-e-commerce-and-live

About Zeta

Zeta Global was founded in 2007 by David A. Steinberg and John Sculley with a vision that data was going to change the way marketers engage with consumers to drive successful business outcomes. Today, Zeta is a 1500-person company with 26 offices on four continents, serving more than 1000 enterprise clients, including Samsung, Toyota, and Sprint.

Our data-powered marketing technology platform houses the third-largest data set in the marketplace (2.4B+ identities) and combined with outcome-driven AI to predict consumer intent, personalize experiences across every channel, and power business growth for Fortune 1000 companies.

Zeta is here to help

Zeta's data-driven digital technology is built to help marketers future-proof their campaigns and maximize positive business outcomes even in the midst of a recession.

Zeta Opportunity Explorer

Discover new prospects through Zeta's Opportunity Explorer, which includes market insights, customer insights, and your brand's activation opportunities across our 2.4 billion data-cloud identities.

CRM media (ESP)

Engage and retain your most loyal customers with scalable personalized messaging to reach them in the right place, at the right time.

Omnichannel data orchestration

Take full advantage of everything programmatic has to offer by deploying data-driven campaigns across every viable channel.

Measurement and Attribution

Brands can benefit from tying their media spend to individual deterministic identities, providing insight that goes beyond traditional attribution and into incremental insights.

ID matching

Leverage the Zeta Data Cloud to deliver messaging throughout the customer journey, across all channels and devices (website, email, SEM, meta, display, social, etc.).

Data signals and visitor profiles

Know when to provide the right customer with the right promotion. Match your known and anonymous website profiles against Zeta's 750 million deterministic consumer data set to identify shifting consumer behaviors, improve targeting, and power customer acquisition.

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