

The Debating Group



A Parliamentary forum for Media and Marketing Debate

Will this be a marketing-led recovery?

According to Mark Choueke, Editor of *Marketing Week*, the creative industries will be at the heart of the recovery. He was proposing the motion: ‘This will be a marketing-led recovery’ at the Debating Group debate held at Portcullis House on 11 May 2009. The debate was sponsored by the Marketing Communication Consultants Association and chaired by the Rt Hon The Baroness Dean of Thornton-le-Flyde.

Mark Choueke pointed out that previous recessions had not had banks and financial institutions at their centre. The consumer will never again trust institutions. Marketing has an essential role in the economy. Marketers understand that we don’t just spend on things we need. We spend on promises, given by people we trust. There is now a massive hole in trust.

Although finance houses based their business strategies on marketing, they did not take this seriously. Good marketers listen to their customers, pay regard to their values and take care to monitor how they change. Every brand has to impress its brand advocates: authentic advocacy must be at the heart of every message. Mark Choueke cited the Cadbury Gorilla campaign and the supermarkets as instances of brands which listen to their consumers. People have more trust in supermarkets than in high-street banks. Marketing stands out against short-term gains. Marketers are more accountable. Brand owners understand brand values: if a brand gets a bad press it is remembered – a brand cannot take its position for granted or risk tarnishing its name. Corporate social responsibility encompassing environmental and social justice is at the top of the marketing agenda. Marketing is about finding out what people want and delivering it. In a recovery brands will continue their journeys with new roles and responsibilities. Mark Choueke concluded, “Recovery will be M-shaped”.

Marketing spin

Opposing the motion, **Justine Greening**, MP for Putney, Roehampton and Southfields, suggested that the recession was in fact marketing-led. The decisions which got us into this mess were driven by marketing. The credit crunch was brought about by an economy built on debt; this is what consumers wanted. The marketers delivered what consumers wanted not what they needed. The wonderful marketing from credit card companies meant that people bought from their hearts not from their heads. We ended up with an industry that was based

not on a well-judged business model, but with people who could bluff their way through. “That sort of marketing let us down”, opined Justine Greening. Government political marketing was a matter of spin versus substance. People are never more certain of a trend the day before it finishes and marketing is so often the way in which they gain their certainty.

Confidence is going to be vital for recovery. “Who”, asked Justine Greening, “is going to get us out of the recession?” She believes that marketing will not create the conditions for confidence. There is an innate suspicion of spin and marketing. The people who will get us out of this recession will be those who actually fix the problem. The recovery is going to be built up by savers. She suggested that smart politicians and accountants would lead the recovery and marketers would disseminate the message. It will mean less political marketing and more political decision-making. “The best thing we can do is to shape up UK plc public spending. Marketing may have a chance to spread the message of recovery, but it will be based on facts and substance, rather than marketing spin”.

Living beyond their means

Seconding the motion **Professor Robert Shaw**, Value Based Marketing Forum and Cass Business School, The City University, questioned whether the recovery would be marketing-led or politician-led. Professor Shaw defined ‘recession’ and ‘recovery’. Recession is two quarterly declines in Gross Domestic Product (GDP). Recovery is a period when GDP rises following a recession. So recovery is about demand growth; it’s not about living within our means or controlling government spending. He asked if it is the job of politicians to grow GDP, demand or supply, and suggested that it is not – it’s the job of consumers and suppliers themselves – it’s the markets that grow demand and supply, not the politicians and their advisers.

Politician-led recovery implies a ‘new age of austerity’, a ‘new culture of thrift’. But Professor Shaw suggested that it is not the public who are living beyond their means. Consumer debt is less than one third of general government gross debt. It is the politicians who are living beyond their means. Government spending will be 52% of our GDP next year. Politicians will need to borrow £200 billion to pay for government spending. Politicians cannot be trusted not to live beyond their means.

Professor Shaw presented some bleak hypothetical scenarios of a country driven by thrift and austerity programmes. He believed that these would not drive up GDP and were not the road to recovery.

He maintained, “Consumers and producers – the markets – are going to be the drivers of a recovery, not politicians and it’s our role as marketers to help lead that recovery”. Marketing is vital if we want the nation to feel good about spending again and to make British industry competitive. Marketing is the beating heart of the economy. Both the main political parties endorse this. The Conservative Party website states, “We will help to rebuild our broken economy by working with the creative industries”. Labour politicians also talk about the creative industries leading us out of the recession. A report, ‘Return on Ideas’ published by the CIM and the Chartered Institute of Management Accountants suggests that growth will only come from adding value and not from cutting costs.

Professor Shaw concluded “Don’t expect politicians to lead the recovery. Austerity, thrift and cost-cutting will not grow demand or production. Instead, we must invest in markets – grow

consumer confidence and demand. We must invest in marketing – for that is the only way to grow demand, and the only way to get on the road to recovery”.

Exports

Seconding the opposition, **Martin Weale**, Director, National Institute of Economic and Social Research, suggested that marketing has led us to disaster. It has encouraged property speculation and encouraged everything except what we need – more saving.

The economy has to recover, but we cannot go back to the pattern we have had. The level of consumption is unsustainable. We have to save for our retirements. We need to reduce spending levels by 7-8% to have sustainable retirements. If you want to spend in old age, you have to save for it.

Martin Weale suggested that the economy would recover by marketing British exports. The fall in exchange rates puts the economy in a position to export more. Marketing should encourage exports rather than increased consumption.

He warned that recovery is not going to lead to a rapid revival in living standards. We need to get used to an economy where consumption is 8% less than that we are used to. He concluded, “We can’t afford to vote for this motion. We can’t afford a marketing-led economy”.

Discussion from the floor

Contributors made the following points:

For the motion

- We cannot afford not to support the motion. We lead the country and the rest of the world with clever, creative marketing. British brands succeed because of innovation, key communications, lasting images and consumer engagement. It is a question of passions over a pile of cash.
- You can’t support the markets without supporting marketing. Marketing has the most important role in bringing about change. People need marketing as a channel for their views. It is not only recovery that will be led by marketing but other social issues.
- The market should step back and listen. Marketers should develop new products and market them to British customers in the UK.
- GfK NOP Surveys have shown that there is more trust for brands than politicians. Can we afford not to have marketing lead us out of the recession? Marketing is not about spin, but longer-term vision.
- Exporting as a key to recovery is a council of despair and not a sustainable strategy. Great advertising and marketing sustains great products.
- The contributor, aged 30, pointed out that young people have been marketed to all their lives. Their fear is that the only way to get a marketing-led recovery is yet more marketing.
- We were led into the recession by banks which did not take marketing seriously. Marketing did not have a leading voice in these organisations. Recovery will be led by good marketing.

Against the motion

- As someone who had lived through four recessions, the contributor suggested that confidence, rather than marketing leads to recovery. Marketing and politicians alone will not lead to recovery. People will not spend without confidence.

Summing up

Summing up for the opposition **Justine Greening** pointed out that the motion was not *could* this be a marketing-led recovery, but *will* it be? She believes that it *could* be a market-led recovery if the financial markets increase credit-crunch marketing. But the purpose of marketing is to go out and sell. There are more macro changes in our economy. Following a recovery which has been kick-started by other institutions, marketing will pick up the message and disseminate it, but it will not lead it.

Summing up for the motion, **Mark Choueke** pointed out the job of marketers is to do their homework on consumers. Loyalty and relationships are central to the tenets of marketing minds. This entails long term relationships and the right products and services for the right people – not people who can't afford them. Marketers should be given a role at board level. Companies such as Tesco and M & S, which are led by marketers, know what people want and need.

An era of never-ending austerity is not going to get the country on its feet. National consumer confidence is now stabilising, but there is no social or environmental commitment from politicians.

Our new society will be based on consumers who are empowered. They trust marketing, not city financiers and politicians.

The result

The motion was carried.

Next Debate

The next debate will take place on Monday 13th July 2009 sponsored by the Periodical Publishers Association. Details from the Debating Group Secretary, Doreen Blythe (Tel: 020 8994 9177) e-mail: dblythe@varinternational.com