



Navigating Economic Turbulence: Why Marketing & Commercial Measurement Matters More Than Ever



As concern grows from escalating tariffs and economic headwinds, executives face increasingly difficult decisions about whether to reduce costs, and if so, where to cut them while maintaining growth trajectory and a healthy brand. Current market volatility is putting pressure to assess potential risks to top and bottom lines and determine potential risk mitigating cost reduction actions. Yet it is in more turbulent times that marketing often proves most valuable, both in the near and long-term. History consistently shows that meaningful and poorly thought-out budget cuts in marketing often lead to costly long-term brand damage and lost market share that far outweigh short-term savings.

This paper examines how sophisticated marketing and commercial measurement solutions and analytics enable leading companies to navigate economic uncertainty with precision to create competitive and brand advantages while achieving their financial objectives. Drawing on Ipsos MMA's three decades of benchmark data across multiple economic cycles, we demonstrate why organizations that leverage advanced unified measurement during turbulent times consistently emerge stronger than those making decisions driven more indiscriminately by uncertainty.

Our analysis shows that leading enterprises use marketing and commercial measurement solutions to identify the 30-40% of marketing investments that typically aren't delivering

targeted value, or any value at all. Re-allocations and optimizations of budgets based on those proven to drive success enable companies to maintain critical brand-building activities that reduce price sensitivity, create scenario-based plans for multiple economic outcomes, and make confident, data-driven decisions that position brands to outperform competitors during recovery periods.

Inflation, high interest rates and the tariff situations pose potential headwinds for consumers and businesses. While these conditions present challenges in the here-and-now, they also provide strategic opportunities for forward-looking, well-prepared organizations. The following pages outline a proven, measurement-based approach to not only navigate and weather an economic storm, but to emerge from it with enhanced competitive positioning.



The Current Economic Landscape

The economy is currently facing increased volatility. Escalating trade conflicts between the United States and its major trading partners, the proposed and implemented tariffs, naggingly high interest rates and inflation, rising household and credit card debt, both of which stand at all-time record highs – is making it increasingly important that businesses be able to effectively target the right customers in the right places and do so as efficiently and effectively as possible.

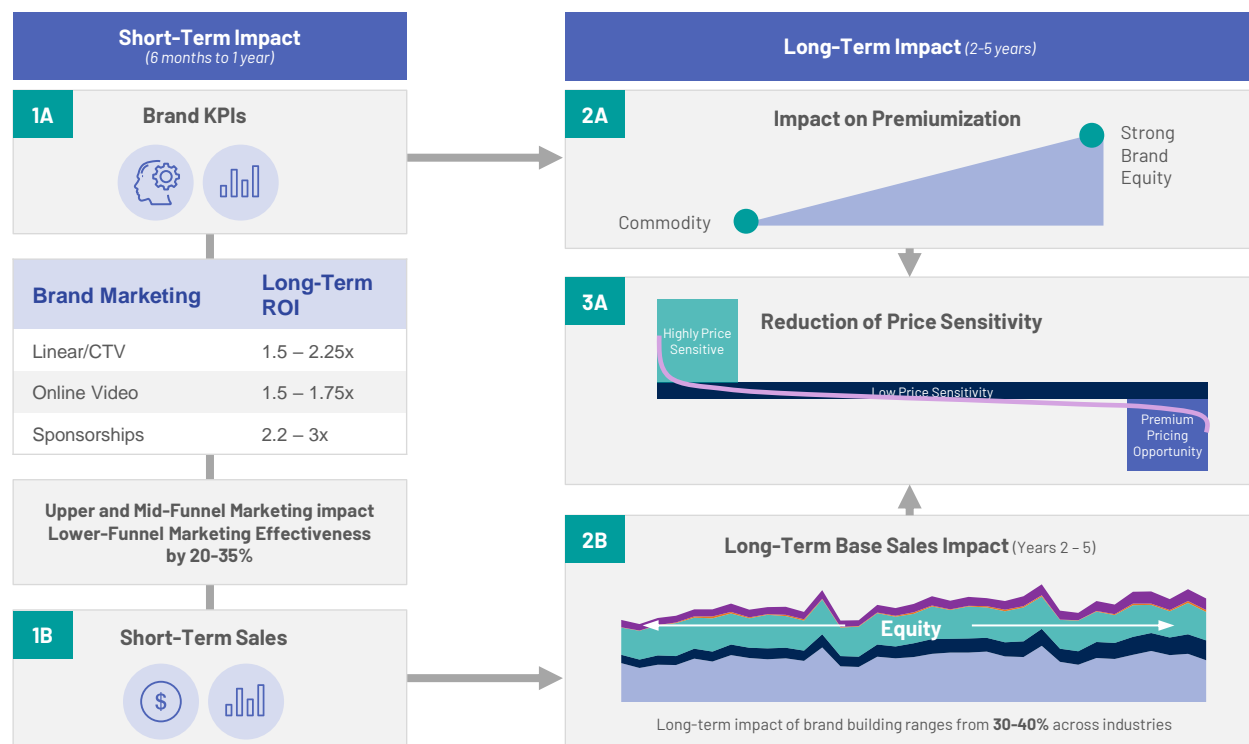
In this environment, companies face added pressure from multiple directions—to protect margins against rising input costs, adjust pricing without alienating inflation-weary consumers, defend market share and brand equity while competitors make similar adjustments, all while proactively taking the necessary actions to achieve their financial objectives.

Too often there is a knee-jerk reaction to marketplace pressures. Mandates are made to reduce marketing budgets, shifting more spend to short-term performance tactics that shore up the near-term bottom line. However, Ipsos MMA has decades of extensive benchmark data that demonstrates that this almost always backfires, creating both immediate opportunity costs and long-term recovery challenges that far outweigh the initial savings. Can budgets be reduced? Typically, the answer is 'yes', especially given the percentage of marketing budget that is ineffective each year. The key is to rebalance budgets in a way that take advantage of ineffective and inefficient spending to aid in both short-term growth while maintaining and even growing brand equity.

Brand Impact: The Hidden Cost of Reactive Cuts

Ipsos MMA's benchmark database spanning three decades reveals a consistent pattern: brands that indiscriminately cut marketing during economic downturns face recovery costs approximately **2x the initial savings**. Further, the cost of recovering lost brand equity is made even more expensive as short-term performance tactics have a significantly lower ROI. This data aligns with that old adage: "The man who stops advertising to save money is like the man who stops the clock to save time."

FRAMEWORK FOR UNDERSTANDING THE IMPACT OF BRAND BUILDING INVESTMENT



In terms of proactively addressing economic pressures, executives need to avoid specific pitfalls in their responses. The first is a bias toward short-term performance metrics at the expense of brand building. Ipsos MMA data demonstrates that shifting budget from brand-building to performance channels ignores a crucial reality: 20-35% of performance media effectiveness is actually driven by brand marketing. This creates a downward spiral where performance channels gradually become less effective as brand equity erodes.

The second mistake is overlooking how brand strength impacts price sensitivity. Research consistently shows that brands that maintain brand equity during economic downturns remain less vulnerable to price sensitivity. Companies that cut brand marketing typically increase their reliance on discounting and promotional pricing to maintain sales volume, ultimately eroding margins and training consumers to expect and wait for deals.

Finally, and perhaps most fundamentally, many decisions during economic uncertainty are made based on gut instinct rather than data. Unified marketing & commercial measurement solutions can identify the most and least productive investment opportunities and align them most effectively with short-term tactics and brand campaigns. Ineffective investment can be reallocated to productive investment that will drive both incremental sales and brand equity, often reducing the budget with minimal negative impact on either. The framework connects marketing activities to actual sales outcomes, providing executives dynamically the forward-looking visibility into which activities truly drive business results. This leads to cutting 'fat' to generate savings while funding more effective programs that drive growth.

The Measurement Advantage

Ipsos MMA's benchmark data consistently shows that organizations leveraging sophisticated unified measurement approaches during economic turbulence outperform those using fragmented or gut-based approaches. Our work with global enterprise clients across multiple

"Unified Marketing Measurement is a critical capability... to capture the complex and diverse array of business drivers, including marketing, incentives, operations, economic, competition and consumer, to enable accurate measurement of incremental sales across our portfolio brands. This solution provides predictive actions that we can implement, track, and validate against true business impact."

Jon Francis, Chief Data & Analytics Officer at General Motors



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"By connecting diverse data and analytics to provide a common foundation for insights, we are empowering cross-functional teams to optimize commercial investments in a synergistic manner, predict future outcomes and continuously track, validate and recalibrate plans using faster, more accurate and more holistic analytic results."

Arvind Balasundaram
Executive Director at Regeneron

economic cycles demonstrates a pattern: companies that maintain strategically optimized marketing investments while competitors cut indiscriminately emerge from downturns in significantly stronger competitive positions.

This pattern was evident during the COVID-19 pandemic. While many companies slashed marketing budgets across the board, forward-thinking executives used unified measurement to identify ineffective spending, maintain critical brand equity

drivers, and adjust investments to match changing consumer patterns. These companies discovered opportunities within the disruption, including shifts to digital channels, localized targeting, and messaging adjustments that resonated with consumers in the new reality.

Measurement-Based Approach to Economic Turbulence

For executives navigating today's uncertain economic environment, a structured, data-driven approach offers protection against downside risks, optimizes the most effective and efficient investments, reduces wasted spend, and provides opportunities to gain real brand advantages while competitors struggle or languish their marketing investments. We recommend a comprehensive four-step methodology based on our work with global enterprises across multiple economic cycles.

1. Quantify the True Business Impact

Before making cuts, organizations need to develop a complete understanding of their commercial ecosystem. This starts with unified measurement that connects marketing investments to actual sales outcomes across channels, not just immediate metrics. Comprehensive commercial driver analysis reveals how marketing interacts with pricing, operations, competition, and external factors like economic indicators to drive business results.



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This analysis should be enhanced through benchmark comparison against Ipsos MMA's extensive cross-industry database spanning three decades of economic cycles. This baseline understanding prevents short-sighted

decisions that sacrifice long-term health for minimal short-term savings and establishes a foundation for strategic rather than reactive decision-making.

2. War-Game Multiple Scenarios

As we've seen during previous economic disruptions, the organizations that emerge strongest are those that prepare for multiple potential outcomes. Advanced analytics enable executives to develop and test various response scenarios with statistical validation. This includes modeling different economic risk implementation timelines and severities, assessing how consumer price sensitivity thresholds might shift, testing various marketing investment levels, and analyzing potential competitive responses.

By developing ready-to-implement plans for each potential economic scenario before they occur, organizations can move quickly and confidently when market conditions shift.

"In a dynamic and competitive automotive industry that is going through massive transition, marketing is an increasingly vital strategic lever. As such, being able to evaluate marketing effectiveness in a holistic, accurate and globally consistent manner is increasingly fundamental to the way Volvo Cars operates."

Andy Pilkington, Global Head of Planning, Media & Analytics at Volvo



3. Identify Efficiency Without Sacrificing Effectiveness

As we've seen across thousands of initiatives, for most companies 30-40% of their marketing investments fail to achieve their objectives. This has historically been to a lack of measurement and reliance on historical and "gut instinct" programming. During economic uncertainty, this presents both

a challenge and an opportunity. Rather than making across-the-board cuts, unified measurement allows companies to identify and eliminate true waste without damaging effective programs, while allocating some of the waste to better program to make up any potential risk related gaps.

This precision approach includes determining minimum thresholds for brand advertising to maintain performance, optimizing timing, allocation, and execution for maximum efficiency, and recalibrating measurement frameworks to account for changing market conditions. The goal is surgical precision rather than blunt force—removing inefficiency while preserving and even enhancing what's working.

4. Validate and Track Business Impact

In sometimes volatile economic times, continuous measurement and recalibration ensure that strategies are delivering continuous measurable business value. This ongoing process includes tracking incremental sales against predictions, validating market share performance versus competitors, monitoring brand equity metrics to prevent long-term erosion, and adjusting quickly as market conditions evolve.



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Action Plan for Executives

To implement this measurement-based approach during economic uncertainty, executives need a structured path that delivers both immediate insights and lasting capabilities.

The first crucial step is to assess your organization's current measurement capability. Most enterprises have some form of marketing measurement in place, but few have truly unified systems that connect marketing investments to business outcomes in an always-on manner.

Evaluate whether your current approach provides a comprehensive view of marketing and business drivers or merely offers siloed, channel-specific metrics that fail to capture the full commercial ecosystem. Are the potential effects of the economic environment factored in and clearly highlighted as to their evolving risks?

Next, develop a forward-looking framework for scenario planning. In our experience guiding global enterprises through economic disruptions, a "war room" approach that brings together analytics, decision-makers, and implementers delivers the best results. This framework should enable modeling of various tariff impacts, consumer responses, and competitive scenarios, with clear action plans tied to specific triggers and thresholds.

Equally important is connecting cross-functional teams around a shared analytical foundation. The most effective responses to economic turbulence involve close coordination between marketing, finance, and operations.

Finally, establish and protect minimum thresholds for brand investment. Our benchmark data clearly shows that brands maintaining strategic levels of brand marketing during downturns emerge stronger. Identify the critical level of brand marketing required to maintain brand equity and support performance marketing effectiveness—then defend this investment even as other areas may be optimized or reduced.

The ability to deliver precise, actionable insights and integrate diverse data sets is helping to enable data-driven decision-making across channels... providing predictive models and strategic foresight.

James Rozewski, Vice President of Marketing at Victoria's Secret & Co

Conclusion: Turning Uncertainty into Advantage

The current economic turbulence created by economic trends today create risk and at the same time strategic opportunity. Our benchmark data reveal a consistent pattern: companies that respond with indiscriminate cuts based on gut instinct typically emerge weakened and face a costly, uphill battle to regain lost ground. In contrast, organizations leveraging sophisticated measurement to make precise, data-driven decisions often discover opportunities to gain market share, strengthening their brand and competitive positioning during these periods of disruption.

This difference in outcomes isn't merely about maintaining marketing spending versus cutting it. Rather, it reflects a fundamental distinction in approach—between reactive cost-cutting and strategic investment optimization. As Pat Cummings, Ipsos MMA CEO, recently noted: "During periods of uncertainty, it is important that marketing-driven brands find the right combination of commercial investments to drive sales and grow brand equity. Too often the action is a reaction. Tools today can change the playing field both in the short and longer term by guiding clients to cost-effective plans that help them achieve not only short-term sales objectives, but act in synergy with those plans to build their brand enabling them to come out of the fray even stronger.

The foundation of this strategic approach is measurement that connects marketing activities to actual business outcomes. With unified measurement capabilities, executives can identify the 30-40% of marketing investments that aren't delivering value, maintain critical brand-building activities that reduce price sensitivity, create scenario-based plans for multiple economic outcomes, and make confident decisions that position brands to outperform competitors during recovery.

With economic uncertainty fundamentally changing the business landscape, it is a crucial time to ensure that every marketing dollar is optimized for maximum impact. By identifying the true drivers of business performance and making decisions based on validated data rather than fear, executives can navigate these challenging times with confidence—and position their brands for accelerated growth when the economic landscape improves.



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