

# THE MARKETING FRONTIER

IMPLEMENTING  
MODERN MARKETING  
STRATEGIES

## V7

HOW TO  
SURVIVE AND  
THRIVE IN A  
CONTRACTING  
MARKET

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PARTNERS FOR  
INNOVATIVE  
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# WHAT IS A CONTRACTING MARKET?

## WHAT IS A CONTRACTING MARKET?

A contracting market is one that is shrinking or seeing a decrease in prices. This can also be seen as market deflation.

According to Investopedia:

“Deflation can be caused by many different economic factors, including a decrease in the demand for products, an increase in the supply of products, excess production capacity, an increase in the demand for money, or a decrease in the supply of money or availability of credit.”



# RECENT PRICE FALLS IN THE CANNABIS MARKET

## RECENT PRICE FALLS IN THE CANNABIS MARKET

The cannabis market is one of the most recent to see rapid price drops despite widespread inflation in nearly every other area of the economy.

These price drops are due to multiple factors that demonstrate the complex nature of the industry.

According to CNN:

“Price declines may not mean cannabis is immune to inflationary effects, they’re just yet another example of the complex business dynamics playing out in this burgeoning industry.”



# RECENT PRICE FALLS IN THE CANNABIS MARKET

## RECENT PRICE FALLS IN THE CANNABIS MARKET

### THESE FACTORS INCLUDE:

- Excess inventory
- Heavy competition
- Lack of federal legality

### EXCESS INVENTORY

At the height of the COVID-19 pandemic the demand for cannabis rose dramatically. In response, cultivators in legal states worked to increase their output.

Now that demand has flattened in some markets and fallen in others, the price of cannabis has also had to drop.





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### HEAVY COMPETITION

Due to an influx of businesses entering the cannabis industry and the need to compete with the on-going black market, cannabis prices remain low.

### LACK OF FEDERAL LEGALITY

With cannabis only being legal on a state-by-state basis, this reduces interstate commerce and causes companies to be controlled by a single state's supply and demand.



# COMPARISONS TO OTHER MARKETS

## COMPARISONS TO OTHER MARKETS THAT HAVE SEEN PRICE DROPS

The cannabis industry is not the only one to have seen prices drops throughout history.

### FINANCE/BANKING

Another market that has seen some price fluctuation due to the COVID-19 pandemic is the finance and banking sector.

With the rise of unemployment during the pandemic, many individuals were unable to pay back loans and other lines of credit which caused a negative impact on the banking industry.



# COMPARISONS TO OTHER MARKETS

## COMPARISONS TO OTHER MARKETS THAT HAVE SEEN PRICE DROPS

### HOUSING

Another market that has seen price fluctuations throughout history is housing.

Most memorable is the housing market crash that kicked off the Great Recession in 2008. Banks gave out loans to individuals who were not able to pay them and in turn many defaulted and lost their homes. This caused a huge drop in prices.

More recently, the housing market has begun to see prices fall again with prices expected to continue to drop into 2024.



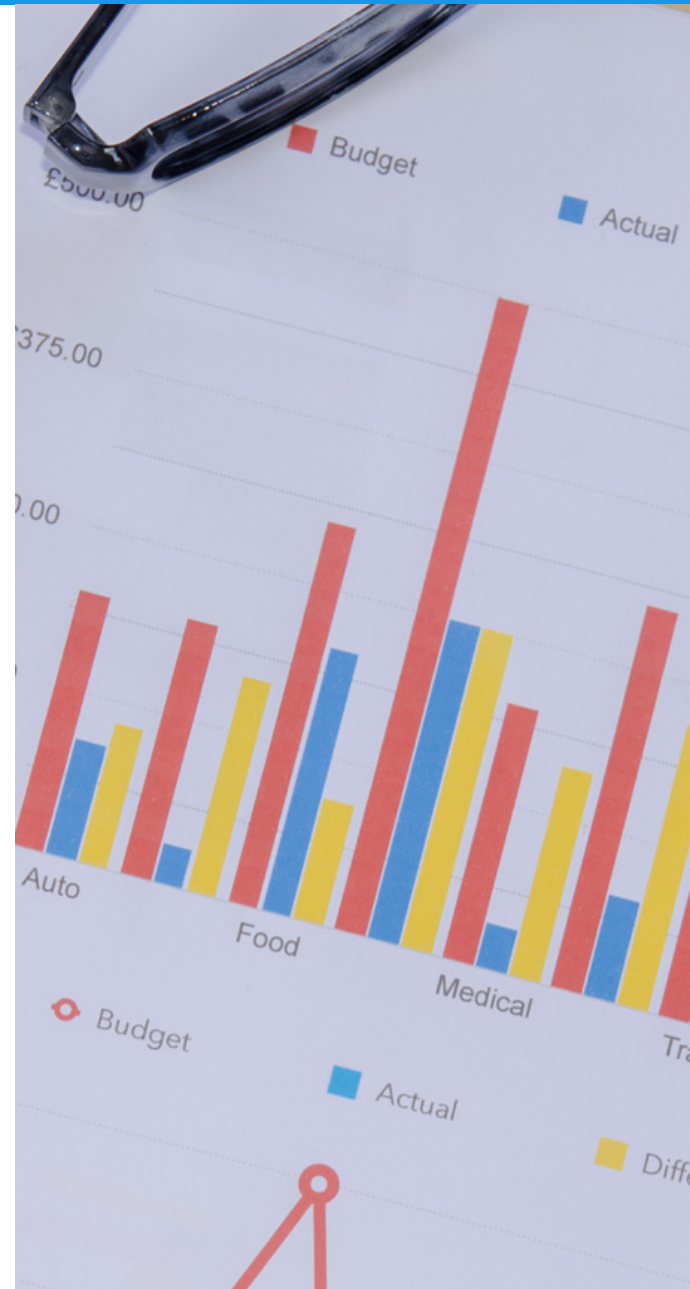
# HOW TO MARKET IN A DOWNTURN

## HOW TO MARKET IN A DOWNTURN

While it can be a challenge for a business to remain viable during a market downturn, it is not impossible to stay in business.

Some ways to strengthen your business during a downturn include:

- Making customers a priority
- Reviewing your marketing strategies
- Streamline product portfolios
- Managing staff
- Managing fixed and variable costs
- Networking
- Developing innovative practices
- Bolster trust





# HOW TO MARKET IN A DOWNTURN

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### MAKE CUSTOMERS A PRIORITY

When a market sees a downturn, it is vital to make customer satisfaction a priority.

This can be done through improving your customer service. This can help to ensure customers shop with your company as opposed to another.

To improve customer satisfaction, emphasize where you provide the most value for your customers.

For example, this could be through the savings you offer or through unique educational opportunities provided by your products or services.



# HOW TO MARKET IN A DOWNTURN

## HOW TO MARKET IN A DOWNTURN

### REVIEW MARKETING STRATEGIES

One of the first areas of a budget to see cuts during a downturn is the marketing budget, but there are changes you can make before making wide-ranging slashes that negatively impact your business.

Review your marketing strategies and assess what areas have the highest return on investment (ROI) and what areas you can scale back on.

For example, if your social media marketing strategies bring in the most customers and result in the most sales, you could scale back more traditional areas like press releases or email blasts and put more of that money into your social campaigns.



# HOW TO MARKET IN A DOWNTURN

## HOW TO MARKET IN A DOWNTURN

### STREAMLINE PRODUCT PORTFOLIOS

In line with reviewing your marketing strategies, another way to protect your bottom line in a downturn is to only offer those products that you know customers are still purchasing instead of wasting money and effort on products that do not perform as well.

For example, with the recent decline in the cannabis market, dispensaries have only kept their most loved products on shelves. This has reduced the number of products, but customers remain happy because their favorite products are still available and dispensaries have been able to reduce costs while keeping their customer base intact.





# HOW TO MARKET IN A DOWNTURN

## HOW TO MARKET IN A DOWNTURN

### DEVELOP INNOVATIVE PRACTICES

It can be important to develop new practices that streamline your business during a market downturn. By examining and shifting the way you do business for a period, it is more likely that your company could survive difficult economic times.

Some examples of innovative practices are:

- Personalize your marketing or products where applicable. People love to feel like the business they are buying from recognizes them as an individual.
- Reduce your packaging which can both reduce costs and streamline the packaging process
- Create engaging content, especially on your social media channels, that can draw your customers in at low cost.





# HOW TO MARKET IN A DOWNTURN

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### NETWORK

Finding ways to connect or partner with other businesses could be a mutually beneficial way to see both companies through a difficult time in the market.

For example, team up with other businesses in your area to provide customers from both of your companies an opportunity to save.

### BOLSTER TRUST

Along the same lines as making customers a priority, bolstering their trust in your company is one of the most important ways to market in a downturn.

You can achieve this through sharing client testimonials and generating videos where you demonstrate how your products work.



# CONTROLLING COSTS IN A DOWNTURN

## CONTROLLING COSTS IN A DOWNTURN

### MANAGE STAFF

While no one wants to cut their staff, it may be one of your only options during a market downturn. In these instances, only keep the most essential members of your team to cut costs, but keep your business running smoothly.

### MANAGE FIXED COSTS

While controlling your fixed costs during a market downturn can seem like a daunting task, there are some things to consider.

- Salaries and Wages - If possible, eliminate any yearly wage increases until the market improves
- Refinance loans or your business's mortgage



# CONTROLLING COSTS IN A DOWNTURN

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### MANAGE VARIABLE COSTS

Similar to managing your fixed costs, examining your variable costs is another way you can control costs in a market downturn.

Some examples of ways to manage your variable costs include:

- Negotiating discounts with your suppliers
- Reducing waste where applicable
- Improving efficiency of your sales and production processes
- Outsourcing labor where you can





# WHAT CAN YOU DO FOR YOUR BUSINESS TODAY?

## WHAT CAN YOU DO FOR YOUR BUSINESS TODAY?

- REVIEW YOUR PRODUCT PORTFOLIO
- EXAMINE MARKETING STRATEGIES
- REVIEW YOUR FIXED AND VARIABLE COSTS
- BUILD OR STRENGTHEN TRUST IN YOUR COMPANY
- ASSES YOUR STAFFING REQUIREMENTS
- NETWORK AND BUILD POTENTIAL PARTNERSHIPS
- NEGOTIATE DISCOUNTS WITH SUPPLIERS
- REVIEW PROCESSES AND FIND WAYS TO INNOVATE THEM
- ASSESS HOW YOU BRING VALUE TO YOUR CUSTOMERS

