

Never waste a crisis:

**What companies and brands
should do now.**

spiritfor**brands.**

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Germany is experiencing a significant economic downturn. While CEOs and CFOs are concerned about the future of their companies, some brand managers continue to believe that the role of the brand is to save the world or at least democracy, even if this results in the wasteful expenditure of resources on "attitude campaigns". However, the brand is particularly important in times of crisis: Effective brand management can generate new demand, reduce costs, and contribute directly to the financial stability of the company. It is therefore essential for managers to refocus on the value contribution of the brand and to act decisively.



It's time to act

This is likely to be a stark departure from our initial expectations for the "next normal" in the post-pandemic era: A period of three years without growth, the longest recession in the history of the Federal Republic of Germany, insolvencies at record levels, no improvement in sight for the coming year... the view of the future is a cause for concern. And this prompts the following question:

What should you do?

We recommend that you take action and focus on one of the most important drivers of entrepreneurial success: Your brand. Your brand provides a protective shield in times of crisis and facilitates growth when the economy recovers. Accordingly, it is important to understand your brand as a value driver; but this does not mean relying solely on performance marketing. It is also not concerned with esoteric and irrelevant discussions about "purpose" or "attitude". Rather, it requires the planning and implementation of very tangible actions to reduce your costs, secure competitive advantages and create new demand. So, what does this mean in concrete terms? We suggest a three-step approach and advise you not to waste any time!

1. Get lean and powerful

For many companies, their very existence is at stake. As a result, management has one key objective on its agenda: securing liquidity. The focus is on specific questions: How long can we maintain operations at the current level of spending? Or: What additional sources of capital can we tap, and with what lead time?

This is not the time to suggest to your CEO that you change your logo or launch an image campaign. Instead, this is the time to review all brand activities and determine which ones should be accelerated, reduced or eliminated. But the forward-thinking brand manager can achieve even more by systematically reviewing the entire brand portfolio. We

remember that in the aftermath of the 2008/2009 crisis, companies that divested themselves of unprofitable and undynamic assets outperformed their competitors. And we know that crises can also give rise to new revenue models, and thus new brands.

Therefore: "Never waste a crisis". Use the situation to identify the cash burners, question marks and relevance gaps in your brand portfolio. Drop brands, merge brands, and explore the possibility of selling individual brands (which you could lease back, if necessary) to generate additional liquidity. And, consider whether your brands adequately cover the relevant issues of the future.

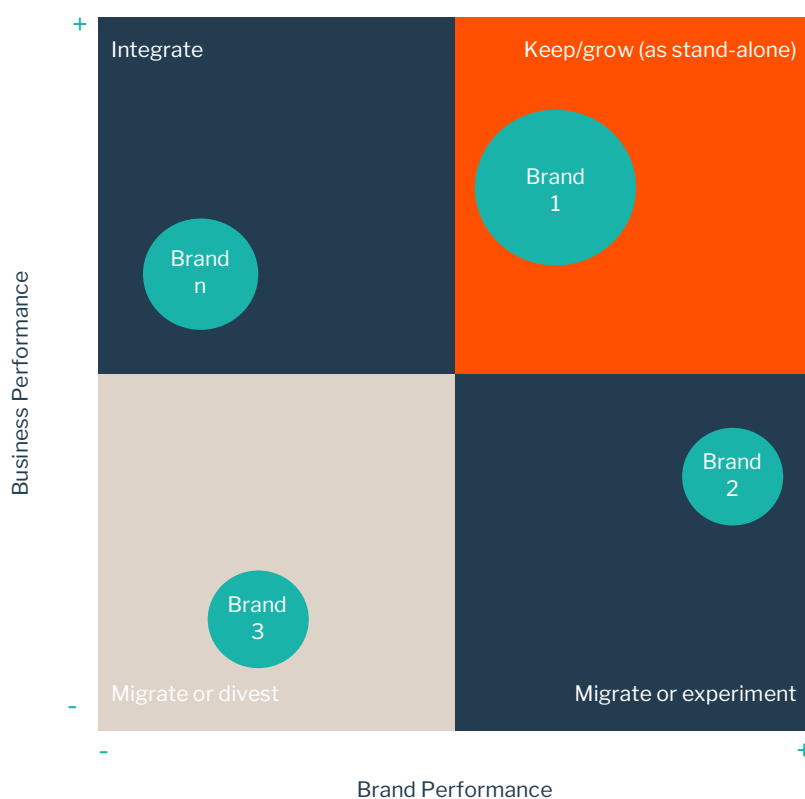


Fig. 1: An exemplary approach to streamlining your brand portfolio

2. Navigate your brand through the crisis

In these times, many people are deeply insecure, even frightened. Brands can play a central role in rebuilding customer trust, or creating new confidence. Of course, this also includes corporate social responsibility and supporting the community through non-profit activities. But something completely different is crucial: the brand must “do the job that customers want done”, as Clayton Christensen aptly put it. It is therefore about nothing less than the core benefit of your brand.

By consistently focusing on the core benefits of your brand, you can direct your marketing investments to the activities that will drive sales growth in the short term – and at the same time reduce your overall budget if you have to. In addition, you now need to focus on increasing the value contribution of brand and marketing. This means keeping an eye on the central KPIs to determine the marketing ROI, optimizing the purchase of marketing services in the short term and actively manage prices instead of discounting, which only destroys value.

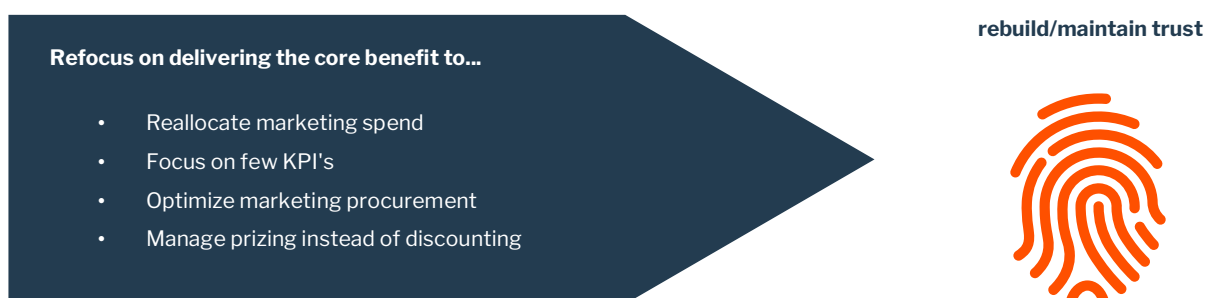


Fig. 2: *Keep priorities for your brand during the crisis*

3. Get ahead of the next stage

Of course, we do not yet know how long the economic crisis in Germany will last. But one thing is clear: even when the recession is over, most companies will remain very vulnerable because employees and resources have been affected. A strong brand – or a portfolio of strong

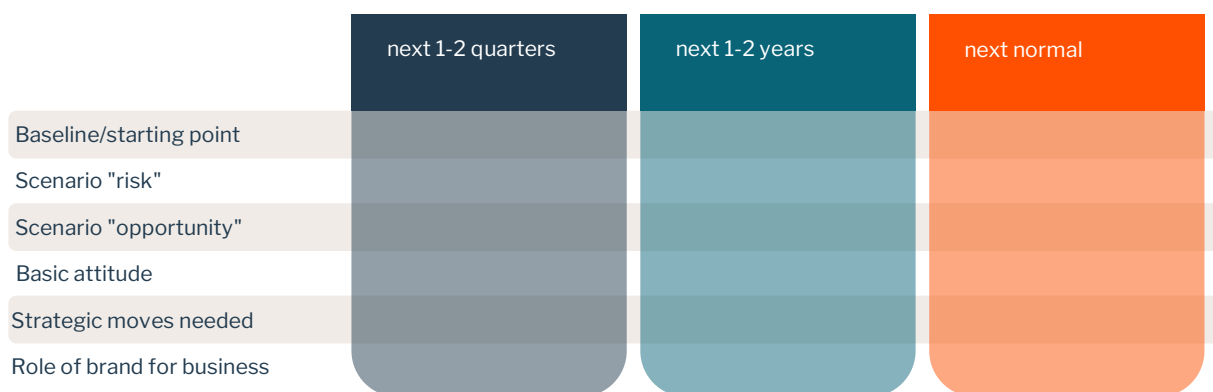
brands – will make a significant contribution to increasing the company's resilience in the long term. It is therefore even more important that you prepare your brand in good time for “the time after”, and thus for a time in which many

markets, customers and the competition will change dramatically.

We are convinced that the best way to ensure relevance, credibility and differentiation in the long term is to review the relationship between the business model and the brand. So, if the business model must change during and after the crisis (and most likely it will), why should the brand identity, the value proposition and the brand communication remain exactly the same as before?

For this reason, our “post-crisis” approach to creating competitive advantages also begins with the business model in various scenarios. Based on this, you should determine the need for adaptation from a brand perspective. What is new here is that we are departing from the textbook and completely reversing the brand development process. We start directly with the customer: How does the brand create demand and with what value proposition? This is ultimately reflected in the brand identity.

Task 1: A strategic plan for the unfolding stages of the crisis along the value chain



Task 2: Deriving the need to align your brand along the way to next normal, upside down



Fig. 3: Two tasks to get ahead of the next stage



Summary

Become lean and powerful – by optimizing the brand portfolio. Lead the brand through the crisis by focusing on the core benefits and concentrating on the value contribution of the brand. And finally, secure competitive advantages by reviewing the relationship between the business model and the brand.

A three-step approach to mastering the crisis – and making marketing and brand a key driver of your business.

Start today – and good luck.

Spirit for Brands is an international operating boutique consultancy specializing in brand and marketing strategy. We work with companies from all sectors and regions, identifying their marketing and brand challenges and potential. We support our clients in leveraging opportunities for value creation and growth through their brands. Since our establishment in 2014, we have assisted numerous companies and brands in achieving additional competitive advantages and sustainable positive results.

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