

The Recovery Assumption

Why the pattern that rewarded patience in every prior downturn may not hold this time — and the asymmetric cost of Europe's communications retreat

In every downturn for a century, the firm that went quiet and waited was eventually redeemed by the recovery. That redemption rested on an unstated clause: that the recovery would come. This paper asks whether the clause still holds — and shows why, for European industry, going quiet now is a wager the competition has stopped placing.

~13% Fall in global ad spend through the 2008 downturn

9% Share of firms that emerged from the last major recessions stronger

100 yrs Span of evidence that brands holding voice outperform in downturns

~3x EU-vs-US industrial gas-price gap sustained through 2025 (Cefic)

ANALYSIS

The recovery was always the unstated clause. This time it can no longer be assumed.

WHAT THIS PAPER ESTABLISHES:

- Why "cut now, recover later" was always a loan
- Why voice is cheapest when rivals fall silent
- Why the competitive field is no longer pausing together
- What category authority actually costs to rebuild
- What disciplined firms protect instead

THE ARGUMENT IN BRIEF

In every downturn of the past century, the firm that cut its communications spending and waited was, eventually, rewarded. Demand returned, budgets came back, and what was saved in the lean years was recovered in the recovery. This is not folklore; it is one of the most durable patterns in commercial history, documented across recessions from the 1920s onward. The pattern held because it rested on an assumption so reliable that almost no one stated it aloud: that the recovery would come.

This paper examines whether that assumption still holds — and argues that, for European industrial firms in particular, it can no longer be taken for granted. The conditions that made retreat a survivable strategy are themselves under strain, and unlike in previous downturns, the strain is structural rather than cyclical. Meanwhile, the largest competitors in the United States and Asia are not retreating at all. The result is an asymmetry: Europe is going quiet precisely when the cost of being heard has fallen to a multi-year low, and precisely when its rivals are spending to occupy the space it vacates.

The danger is not that Europe is spending less. It is that Europe is spending less on the basis of a historical pattern that may no longer describe the present. The deeper claim of this paper is simple: **category authority has become a strategic asset class** — one that compounds, depreciates, generates pricing power and increasingly governs visibility to AI systems. Like any asset, it can be acquired cheaply in a downturn or repurchased expensively later.

WHAT THIS PAPER ARGUES

1. The “cut now, recover later” reflex was always a loan against a recovery — and the recovery is no longer guaranteed on the historical schedule.
2. A century of evidence shows voice is cheapest to buy when rivals fall silent; firms that hold presence through a trough compound cheap share into the upturn.
3. The decisive break this time is regional asymmetry: the field is no longer pausing together. The US and parts of Asia keep spending while Europe recalibrates.
4. In industrial B2B the asset at risk is not media weight but **category authority** — cheap to cut, slow to rebuild, and increasingly reinforced (or denied) by AI systems that learn from published expertise.

1. The Pattern That Always Held

The behaviour is so consistent it is almost reflexive. When revenue tightens, communications and marketing are the first budget lines cut — ahead of any other function. This is not irrational; it is the easiest cost to remove without immediate operational consequence. A withheld campaign breaks no production line and misses no shipment.

And for decades, the firms that cut were, broadly, vindicated by events. The downturn of 2008–2009 is the textbook case, and many who ran businesses through it remember its shape precisely: two years of flat and depressed spending, a slow return through 2011, and heavy catch-up investment in 2012 and 2013. Money deferred, not lost. The cycle closed.

What is less widely remembered is that the firms which did *not* cut — which held or even raised their share of voice while rivals went silent — did measurably better. The finding has been replicated across multiple major downturns over the past century: from Roland Vaile’s study of the 1923 downturn, through McGraw-Hill’s Laboratory of Advertising Performance work on the recessions of the 1980s, to the modern analyses of the IPA DataBank by Les Binet and Peter Field and the work of the Ehrenberg-Bass Institute. In the 2008 downturn, global advertising expenditure fell by roughly an eighth (estimates of 10–13% depending on source and geography); the brands that maintained presence achieved several times the relative visibility of those that withdrew, at a fraction of the usual cost, because the competitive field had emptied.

THE 9% WHO ROARED OUT

A 2010 *Harvard Business Review* study by Gulati, Nohria and Wohlgezogen examined roughly 4,700 companies across three recessions. Fewer than one in ten — about 9% — emerged stronger than they entered. Sustained, selective investment through the trough was a defining shared characteristic of that minority, which outgrew peers by double digits in the recovery.

The mechanism is well understood, though it must be stated precisely. A brand’s share of market tends, over time, to correlate strongly with its **excess share of voice** (ESOV) — the gap between its share of voice and its share of market. Positive ESOV predicts growth; negative ESOV predicts decline. In a downturn, as competitors fall silent, the cost of an extra increment of voice collapses, so holding a steady spend while others cut *raises* ESOV for the same money — a structural discount on future market share, available only to those willing to keep talking while the room goes quiet.

One caution matters for our audience. ESOV was developed and validated chiefly in *consumer* markets, where voice is media weight. In industrial B2B the currency is different: not media share but **authority share** — the standing to be the voice a market treats as the reference. We return to this distinction in Section 5, because it is where the argument bites hardest.

So the historical lesson is genuinely two-sided. Cutting was survivable — but only because the recovery came to redeem it. Holding was better — because it bought cheap share that compounded into the recovery. Both halves depend on the same hidden clause: *that there would be a recovery to return to.*

Exhibit 1 — The pattern, by phase

PHASE	FIRMS THAT CUT	FIRMS THAT HELD PRESENCE
Downturn	Save cash; surrender share of voice	Buy voice cheaply; build excess share of voice
Recovery	Rebuild position at recovery-era prices	Monetise position; compound the cheap share
Structural uncertainty	Risk a delayed, partial or reshaped recovery that never fully redeems the cut	Preserve authority through the lull; least exposed if recovery disappoints

2. The Assumptions Underneath the Pattern

Here we must be careful, because the most dangerous sentence in business analysis is “this time is different.” It is dangerous precisely because it is so often said and so rarely true. Every generation believes its own crisis is unprecedented; most crises rhyme with old ones. Any argument that the familiar pattern will not repeat carries the burden of proof, and should be held to it.

So we will not claim that this time is different. We will do something more disciplined: name the assumptions on which the old pattern silently depended, and ask, one by one, whether each still holds. If they do, the pattern stands and retreat remains survivable. If several are visibly weakening at once, the pattern is not guaranteed — and a strategy built on it is exposed. The cyclical-recovery pattern rested on at least four conditions:

A normalising business cycle — contraction as a phase, not a state; what goes down returns to trend within a foreseeable horizon.

A stable and predictable trade order — open markets, durable rules, and counterparties whose behaviour could be modelled with confidence.

A demand structure that returns intact — end-markets that pause but do not disappear, so deferred demand is recoverable rather than lost.

A competitive field that pauses together — rivals cutting at roughly the same time, so no one gains decisive ground during the lull.

Each was close enough to true, often enough, that the pattern held. The question is not whether any single one has failed, but how many are under simultaneous strain.

3. The Conditions Under Strain

A sceptical board will ask, fairly: *compared with what?* So rather than assert that conditions have changed, we anchor each claim. The crucial distinction is between **cyclical volatility** — tariffs, elections, the ordinary noise of a cycle that passes — and **structural realignment**: friend-shoring, industrial policy, supply-chain bifurcation and a reset energy-cost base, none of which reverses when the cycle turns. The four conditions are not wobbling; several are being re-set.

The trade order has become a variable rather than a constant. This is cyclical volatility hardening into structural realignment. The WTO reports that the value of global imports affected by new restrictive measures rose more than fourfold in the year to October 2025 — the highest coverage in over fifteen years of monitoring — with the stock of import-affecting measures jumping from about 13% to 22% of G20 imports, and the Director-General describing the most severe disruption to the trading system in eight decades. More than 2,500 trade restrictions were recorded in the first ten months of 2025 alone, roughly five times the level of a decade earlier. When the rules themselves move at that pace, “wait for conditions to normalise” loses its meaning: there is no settled normal to wait for.

The cost base has been re-set, not merely disturbed. For Europe's energy-intensive industries this is the clearest structural break. Through 2025, European natural-gas prices ran roughly three times US levels, a gap the industry body Cefic expects to persist through 2030; European wholesale electricity has run near double the US benchmark. The consequences are not cyclical: around 9% of European chemical capacity has been permanently closed since 2022, and Europe's share of the global chemical market has fallen to roughly 13% while China's has risen toward 46%. A cyclical cut assumes costs ease as demand returns; if the cost floor has risen, the "savings" from going quiet are smaller in real terms than they look, and the pressure to cut is permanent rather than passing.

Industrial policy has made the field asymmetric by design. The US Inflation Reduction Act and China's strategic-manufacturing programmes deliberately tilt investment toward their own producers. This is not weather; it is architecture. It means a European firm waiting for a level playing field to return is waiting for something that has been legislated away.

And the competitive field is no longer pausing together. This is the decisive break — the subject of the next section.

A NOTE ON WHAT THIS IS NOT ABOUT

It is tempting to blame every disruption on artificial intelligence. AI is reshaping how information is produced and retrieved — we develop this in Section 6 — but here it is an accelerant, not the cause. Every general-purpose technology disrupts the incumbent order; that is what they do. Treating AI as the explanation for the communications retreat would let a strategic decision masquerade as a technological inevitability. The retreat is a choice. The conditions above are why the choice is riskier than it looks.

4. The Asymmetry

While European firms recalibrate cautiously, their largest competitors are doing the opposite. Industry forecasts continue to project materially stronger advertising-investment growth in the United States than across most European markets — recent and current-year projections put US growth in the high single digits, around ten percent, led by firms that treat communications not as a discretionary cost but as a mechanism for taking share. The prevailing European posture, by contrast, is best described as cautious recalibration: budgets ticking up to their highest level in roughly two years, but as a measured improvement rather than a return to conviction. The contrast in *posture* matters more than the precise percentages: one side is leaning in; the other is testing whether it is safe to stop retreating.

The American instinct is not recklessness. It is the century-old lesson applied: when rivals go quiet, voice gets cheaper, and the firm that keeps spending buys share at a discount. Asia is not monolithic — Japan, Korea and China behave differently — but China in particular pursues presence and industrial position with a persistence Europe's reflex toward hesitation does not match. The common thread is simply that they are not pausing.

One caveat, stated early to keep the argument honest: the European retreat is not universal. A number of European industrial leaders continue to invest aggressively in category authority and will emerge from this period with strengthened position. The claim here is about a prevailing reflex, not a uniform fate — which is precisely why it is worth examining as a choice rather than a condition.

Every quarter of silence is not merely a quarter of reduced visibility. It is a quarter in which a competitor occupies the interpretive space and becomes the reference voice in a category. The voice that fills the silence will not be European by default. It will be whoever chose not to go quiet.

For a European industrial firm the consequence is concrete: a quarter in which a competitor — often one headquartered across an ocean — builds the mental availability that decides which supplier is shortlisted when the buyer finally returns to market.

5. Why This Bites Harder in Industrial B2B

In consumer markets, share of voice is media weight. In specialty chemicals, pharmaceutical manufacturing, animal nutrition and the other segments that define European strength, communications is something subtler and more durable: it is **category authority** — the standing to be the firm whose reading of a market, a regulation or a technical shift is taken seriously. Category authority is the industrial expression of what marketing science calls **mental availability** (Ehrenberg-Bass): the likelihood that a firm becomes the natural reference point the moment a buyer meets a problem, a specification, a regulatory change or a sourcing decision. It is the difference between being a supplier and being the reference.

It is most useful to treat category authority not as soft reputation but as a **strategic asset class** in its own right — one that behaves, financially, much like any other asset a board oversees:

Exhibit 3 — Category authority as an asset class

PROPERTY	HOW AUTHORITY BEHAVES
Compounds	Sustained substantive output builds a position that grows in value over time, not linearly with spend.
Depreciates	Neglect erodes it silently — it decays while the firm feels busy producing presence elsewhere.
Is investable	It responds to deliberate, sustained allocation, not to bursts; it can be acquired more cheaply when rivals disinvest.
Generates pricing power	The reference voice defends margin; the interchangeable supplier is forced to compete on price.
Lowers acquisition cost	Buyers who already treat a firm as the category authority are shorter to win and cheaper to convert.
Governs AI visibility	Published authority is what retrieval and AI-search systems surface — an asset that increasingly compounds in machine memory.

Seen this way, the strategic question is not “how much should we spend on communications?” but “how much category authority do we hold, is it appreciating or depreciating, and what is it worth?” The causal chain by which it converts into revenue is rarely drawn explicitly, so we draw it:

Exhibit 2 — How silence becomes lost revenue



Each link is cheap to start and slow to reverse. A withdrawn campaign can be restarted in a quarter; a surrendered position as the thinking voice in a category takes years to reclaim, because in the interval someone else becomes that voice. And the distinction that decides which firms erode is operational, not abstract:

PRESENCE-SIGNALLING vs AUTHORITY-BUILDING

Presence-signalling (attendance; half-life measured in hours): routine social-network posts, event presence, generic sustainability messaging, reshared third-party news.

Authority-building (compounds; archived and retrieved for years): technical papers, regulatory interpretation, application notes, benchmark data, and substantive executive commentary that buyers — and increasingly search and AI systems — keep and cite.

Mistaking the first for the second is how a firm feels busy and visible while its actual authority erodes. Volume of posting is not share of voice; in a retreat the two usually move in opposite directions.

A measurement caveat belongs here, because industrial B2B makes attribution harder than consumer marketing: there is no clean sales response to a white paper. The honest response is not to abandon measurement but to track **leading indicators** of authority — share of search and of category-relevant queries, citations and inbound links to substantive content, inclusion in analyst and media reference, and periodic customer-perception studies. These move before revenue does, and they are what erodes first in a retreat.

6. The New Variable: AI and Authority Accumulation

We said AI is an accelerant, not the cause. That remains true — but it changes this downturn from every previous one in a way that sharpens the entire argument, because for the first time the communications environment contains machine intermediaries.

On the supply side, AI lowers the cost of producing and distributing content toward zero. The predictable result is that channels flood, undifferentiated presence becomes nearly free, and the scarce, valuable thing — a trusted, expert, identifiable voice — commands a higher premium than before. Cheap presence-signalling has just been commoditised; durable authority has just become more valuable, not less. Put positively: AI makes high-quality authority-building more accessible than ever for firms that actually possess substantive expertise — the one input it cannot manufacture.

On the demand side, something subtler is happening. Large language models, enterprise copilots and AI-assisted search increasingly learn from and retrieve the existing published corpus of expertise. A firm that reduces its substantive output does not merely become less visible to human readers; it contributes less to the informational base from which these systems infer who the authority in a category is. Visibility is no longer only a matter of being seen this quarter — it is a matter of being *represented* in the systems that will answer buyers' questions for years.

This makes competitive position **path-dependent**. Once customers, analysts, trade media and AI systems repeatedly associate a category with a particular voice, the cost of displacing that association rises non-linearly. The firm that keeps publishing through the downturn is not just maintaining visibility; it is compounding its representation in the very infrastructure that will mediate the next decade of buying. The firm that goes quiet is shrinking its representation in the very systems that increasingly mediate buyer decisions — and that representation is far harder to rebuild than to maintain.

7. The Cost of Re-entry

Suppose the conventional pattern reasserts itself after all and demand returns on the historical schedule. Even then, the retreating firm does not resume where it paused. It re-enters a conversation that continued without it, now anchored by competitors who never left. The share of voice it surrendered must be repurchased — at recovery-era prices, when the cheap voice of the downturn is gone and every rival is bidding again.

This is the asymmetry of silence: voice is cheap to surrender and expensive to reclaim. The downturn offered a discount on category authority; the retreat declined it; the recovery presents the bill. And if the pattern does *not* fully reassert — if even some of the structural conditions in Section 3 bind — the retreating firm faces the worse case: it cut on the assumption of a recovery that arrives late, partial or reshaped, and finds its position occupied not temporarily but durably. Neither branch favours the retreat. In the optimistic case, going quiet is merely expensive. In the realistic case, it is strategically costly in ways that do not reverse.

THE OBJECTION, AND THE ANSWER

Objection: "Cutting communications preserves cash in a downturn — that is simple prudence."

Answer: True, but only if the recovery is predictable. Prudence assumes the cut can be reversed cheaply when conditions improve. When the recovery is uncertain in timing and shape, the cost of re-entry becomes unpredictable and often higher than the cash preserved — and in a path-dependent, AI-mediated environment, some of it cannot be bought back at any price.

8. What a Disciplined Firm Does Instead

The conclusion is not "spend more." Indiscriminate spending into a downturn is its own error, and not every firm can hold — cash constraints are real and vary. The conclusion is narrower: **protect the authority core, and optimise everything around it**. Treat category authority as a strategic asset to be defended, and treat the downturn as the cheapest available window to extend it.

In practice this means distinguishing ruthlessly between presence-signalling and authority-building, and protecting the latter while feeling free to cut the former. It means maintaining the substantive, durable, owned output — technical analysis, regulatory interpretation, benchmark data, considered executive commentary — that constitutes real authority in an industrial category, even as flashier line items are trimmed. And it means a genuine note of opportunity: AI lowers the cost of creating and distributing exactly this kind of substantive content, so for the disciplined firm authority-building has become *cheaper to sustain, not harder*. The retreat is not forced by economics; it is a habit.

It is worth saying plainly that not all of Europe is retreating. A number of industrial firms are leaning into substantive, digitally-native authority-building and will emerge from this period with strengthened position. The argument here is not that European industry is doomed to go quiet — it is that going quiet is a choice, the choice is more dangerous than the historical pattern implies, and the firms that recognise this have an unusually cheap opportunity in front of them.

A DIAGNOSTIC FOR THE BOARD

A firm is quietly retreating if, over the past year, it has: reduced publication of technical papers and substantive analysis; paused or thinned thought-leadership and analyst-relations programmes; cut category-shaping activity; or shifted budget from owned authority toward “attendance” content.

The one question to put to the board: What share of our communications budget builds durable category authority — versus transient presence? If the honest answer is “we don’t know,” that is itself the finding.

The firm that internalises this does not necessarily spend more than its retreating peers. It spends *differently*: less on attendance, more on authority; less on being seen, more on being the reference. In a quiet market, that is the cheapest share it will ever buy. Framed correctly, this is not a communications decision at all. It is an asset-allocation decision — whether to acquire category authority while it is cheap, or to repurchase it later at a premium.

The pattern that rewarded patience for a century rewarded it for a reason. When the reason weakens, the pattern becomes a wager — and a wager made out of habit, in a field where the competition has stopped placing the same bet, is the most expensive kind.

Selected sources

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