

CRISIS MARKETING: FEATURES OF APPLICATION AND WAYS OF REFORMATION

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The economic crisis has always occupied an important place both in the minds of ordinary citizens and in the works of leading economists. The relevance of such a topic as the crisis of the world economy never decreases.

Since the Great Depression, many scientific papers have been written to explain what a crisis is, how the market behaves in such conditions, how it affects society, and most importantly, what to do to reduce the negative consequences.

In 2020, the topic of the global market crisis has become one of the most discussed – among people, business owners, in the media, on the Internet. Almost every company is faced with the question: how to continue to operate in the market, how to keep sales front the falling, what to say to their customers and partners.

To minimize costs, the company reduces communication costs. This leads to the dismissal of the marketer, the dissolution of the entire marketing department, depending on the size of the company. Then the firm begins to feel the consequences: the business does not develop, customers do not hear about the company, income does not grow.

One of the main reasons for these tactics in a state of crisis is misunderstanding the contribution of the marketer to the development of the company. The crisis is a time of market redistribution. With well-thought-out and sensible actions, it is possible to come up with an even bigger market share. And the complete conservation of the company will simply lead to a significant weakening of the position. Thinking about actions in the market, building and changing the strategy – is part of the responsibility of the marketer. Therefore, reducing the cost of marketing in a crisis for business will not end in success.

But just a nominal marketing department that exists but doesn't work is also not an effective approach. The crisis is not only a test, but also an opportunity to bring the company's marketing to a new level.

A significant contribution to the study of the theory and practice of marketing research in a crisis has been made in the works by researchers such as: Kotler P. [1], Kosykh V.N. [2], Serdiuk Ya. [3], Chesnikov D.E. [4], Goodman P. [5], Ovchinnikov D. [10], Krysovatyi A.I., Liutyi I.O, Maiburova I.A., Kenneth S. Rogoff and others.

The results of their scientific research have the important theoretical and practical significance. At the same time, new economic phenomena, the development of technology and the constant transformation of the financial and economic system of the world necessitate research in this area, which once again confirms the relevance of the chosen topic. An important point is to determine the effective areas of marketing and ways to reform in a crisis or pre-crisis environment.

The purpose of the study is to analyze current marketing trends, identify existing shortcomings of its operation in companies that have become visible with the onset of the global crisis, develop proposals for possible ways to reform approaches to marketing.

In the conditions of economic crisis, the attention to marketing department in the company, certainly, grows. Usually, first aid in the face of falling and declining profits – reducing costs and usually one of the first steps is reducing the advertising budget. There is no need in such a hurry, because good marketing is the

basis of long-term success of the company. A company can lose strategic market share and lose to more far-sighted competitors when saving on crisis promotion or correct marketing research.

On the other hand, it is marketing that can and should find ways to survival and sometimes to growth for a company in a crisis. No wonder the word "crisis" in Chinese consists of two characters: "danger" and "opportunity". This is perfectly transferred to marketing. The task of the marketer is to assess and, if possible, reduce risks, as well as to use new opportunities in the market.

Also, there are new needs in the crisis. In the conditions of economic growth buyers are focused on prestige and design, now such criteria as reliability and an opportunity to save on consumer goods is more important for them. The role of marketing is to identify these changes in needs and offer the right solution that customers need. It is important to take all necessary steps to retain consumers before competitors do.

Of course, it is very important in a crisis to maintain the brand and reputation of the company. The economy is cyclical, the crisis will end, and the impression of ethical or, conversely, unethical behavior of the company will remain for a long time. And good branding and reputation, which usually takes years to build, can be lost very fast in a difficult situation.

2020 has shown that a crisis is possible, even if everything seems to be developing rapidly. Economists estimate that the coronavirus crisis is bigger than the 2008 crisis and has long-term consequences. As Harvard economist Kenneth S. Rogoff put it, "Now I'm sure the 2008 crisis was just a training warm-up before the marathon." [5]

A recent poll, based on 887 responses by British marketers conducted by Marketing Week, shows that 60% of them have frozen or are reviewing their advertising budgets in the midst of the Covid-19 pandemic. Another 55% suspended the launch of products or services. [6]

The world is rapidly entering one of the biggest recessions in the last half century, and the collapse of advertising budgets is pouring in – this is only a small and insignificant part of the problems that the world economy and companies will face soon.

The fall of the Dow Jones Industrial Average in the period from January 2017 to March 2020 is shown in the graph – Figure 1.



Fig.1. DJIA in the period from January 2017 to March 2020 [7]

But unlike the recession of the 1920s, the crisis of 2008, the crisis that began in 2020 is a kind of a boom for development. Any crisis reveals the strongest brands. Because everyone can be ethical, socially

responsible and "love their customers" when they are going through successful times and the fall shows the true face of companies.

In addition, the coronavirus epidemic has shown what many have said but a few have seen and changed – lots of time employees spend in the office is ineffective. Companies, even those that have argued all the time that they cannot go online, cannot work without an office, have been forced to transfer employees to online jobs and move their businesses to online marketplaces. But the epidemic will end, borders will open, and people will have new habits when buying. We can say that this crisis will greatly change consumer behavior in the global market.

In just one month after the announcement of the self-isolation regime in Europe and America, the number of active Internet users increased by an average of 8%. YouTube reported a sharp 75% increase in news content views in mid-April. In the first quarter of this year alone, 47 million people registered on Twitter, with 30% of new users being citizens of Ukraine, Russia and Belarus. In any other situation, this would mean an automatic increase in the profits of the sites, but not in the current conditions – their advertising revenue, by contrast, decreased.

According to Carlos Pacheco, who works with 180 YouTube channels with a total number of subscribers of almost 68 million, by mid-April, the price of advertising fell by an average of 50% compared to the figures of early February this year.

Russian YouTubers note the same trend – on average, revenues fall by 40%, despite the growing number of views of videos. Agencies working with bloggers note that advertisers from the FMCG segment have cut budgets the most, while online services, on the other hand, have increased the cost of advertising on YouTube. At the same time, due to the high price of placement, the most painful reduction in advertising budgets hit the most popular bloggers and channels. Thus, the channel about Wylsacom technologies only in March 2020 lost 50% of advertising revenue.

A similar situation is mentioned in the published data of Facebook. In April, the audience of the main platform exceeded 2 billion people for the first time. This means that the total audience of advertising placed on Facebook is a third of the world's population aged 13 and over. At the same time, according to the Wall Street Journal, the cost of advertising fell by an average of 15-25% in March compared to February 2020 [8].

In a pandemic situation, the importance of email marketing was realized by literally everyone – companies began to send emails more often, while the effectiveness of mailings also increased significantly. Data from one of BounceX's leading analytics platforms shows that since the beginning of March, emails have opened 40% more often, and conversions have increased by almost 80%. And the best mailing "works" on Mondays.

However, many companies have not learned to use it properly and have panicked no less than their customers. Letters with sales and discounts now come every day – often in a rush to get at least a minimal profit, businesses continue to send impersonal letters or completely carry out automated e-mail, created before the situation with the coronavirus.

At a time when the battle goes for each client, it is important to address him/her personally. Personalizing messages is one of the key success factors. For example, a restaurant's call to order home delivery elicits a much greater response when the user sees on the screen not a standard text or picture, but his favorite dish ordered last time. A letter from a bookstore will be more effective if it offers books from the categories that the user has previously shown interest in.

With the overall reduction of budgets for online advertising, marketers are increasingly turning to more effective and flexible channels of promotion. Most often it is the purchase of targeted advertising on sites: thus, the message has a point effect on each potentially interested visitor.

According to a study by the Interactive Advertising Bureau (IAB), since March of this year, more than a third of advertisers began to pay more attention to targeting the audience, and their costs in this segment increased by almost 40%.

The task of marketing is to analyze the advertising market and consumer behavior: what they look at, on which platform, from which phones, where they are delayed, how they react to the communications of other companies. Based on this, the business can quickly and efficiently build further actions and strategies.

It is already clear that only those who can dynamically and quickly adapt to the changing world and new consumer behavior will survive. And if before situational marketing was often associated with a quick reaction to what is happening in the form of challenges, memes and global trends, now the willingness to change strategy, stop advertising campaigns and re-create creatively following the news stream at the same time becomes the only true norm of doing business.

During the crisis, brands switch from food and entertainment communications to educational and social ones – a trend that will continue after the end of the pandemic. Now is the time when a company can get rid of excess and update its brand, make it more human, minimizing human contact.

Many brands and companies have used the crisis as an opportunity to express themselves, to get closer to customers, to show that this is not some abstract distant company, but the same people who come to the rescue.

The result of any marketing crisis is the saying, "People don't just remember the company, they remember those around them in difficult times."

Key examples made by companies in the 2020 crisis:

- paid video portals and services have become free or almost free during the pandemic;
- some companies have organized free delivery of goods: on their own or through cooperation with the delivery service;

- manifestation of a socially active position on the part of the brand to ensure safety in quarantine.

Dodo Pizza delivery provides delivery of protective masks with pizza. Food delivery services (Raketa, Glovo, Domino's Pizza, etc.) have introduced a contactless delivery function, available in applications.

Fashion giant LVMH recently announced that it is expanding its Guerlain, Parfums Christian Dior and Givenchy production lines for the mass production of disinfectants for French hospitals. This is a small gesture, but such a thing will be remembered for many years.

Europe's largest clothing retailer, H&M manufactures personal protective equipment to help medical staff cope with the COVID-19 outbreak.

But even if the company is small and cannot allocate large funds for social assistance, there is always such an option as communication. The crisis changes the main theme of communication, but to stop it is an inadmissible mistake.

People want to get good news; people want to see that their favorite or familiar brand nearby has gone nowhere with the crisis. Yes, the relevance of the message about a fresh promotion in the newsletter is zero. Emotions and support are important in a crisis, not just savings. Even the FMCG (Fast moving consumer goods) business will fail in the market if it speaks only at a low price, without showing that it cares at least about its employees.

Therefore, we can identify the following major changes and trends in consumer behavior in 2020:

1. Savings are a new trend.

In times when everyone saves and consciously consumes only the essentials, brands should too.

Over consumerism is becoming a powerful anti-trend. Expensive and pathetic advertising will now be perceived by many as a bad tone.

It's time for inexpensive, mobile production, fast and bold ideas.

Strange as it may sound, but there is a plus: advertising agencies predict the heyday of brand creativity, because small budgets are a very fertile ground for creativity.

2. Smartphone is a new type of thinking.

The task of advertising now is to be inexpensive and to be where people's main focus is. In the smartphone. It becomes the main channel of contact between brands and people.

The behavioral changes caused by the Covid-19 outbreak will be far-reaching and will affect the way we consume the media. There will be a marked increase in activity in social networks and in general our time online.

UN, events, sports and social media, TV / online TV, streaming, gaming is falling sharply.

According to a GWI survey conducted in March 2020, 39% of consumers in the United States already say that they read the news more often, 29% – that they check social networks more often, and 28% say that they have started buying more online. [9]

Let's look at the current picture. Today, 4.5 billion people use the Internet, the audience of social networks is 3.8 billion. 5 billion have a smartphone.

"We are already cyborgs," said Elon Musk back in 2016. The average person spends 100 days a year online. It's 6 hours 43 minutes every day. 50% of this traffic is accounted for by smartphones. About three and a half hours a day.

Recent events that have shaken the planet have further tied us to the smartphone.

FOMO – fear of missing out or loss benefit syndrome. It was described in 1996 by Dr. Dan Herman. Today, literally all users of social networks are prone to it. Now also because of the heightened attention in connection with the epidemic: we are constantly looking at the smartphone for the latest news.

According to the theory of self-determination, the feeling of kinship with other people is a basic psychological need, the satisfaction of which is one of the conditions of mental health.

Home insulation is a very uncomfortable condition. We suddenly felt how abruptly we could become lonely. Therefore, we want even more communication and a sense of community. And here again the smartphone comes to our aid. So, without a doubt, this small device now wins over all channels of communication and traffic.

3. Mobile first marketing is a strategy that starts with the phone.

Historically, web designers have begun to develop a site design for the big screen, so the first and "main" design is done for the computer desktop, as it provides more functionality.

The disadvantage of this approach is that in fact priority is given to users of computers and laptops, although according to recent studies, at least 25% of people in the United States today use only mobile devices. In the rest of the world, for example, in rural China, mobile Internet use reaches 45%, according to the 2019 On Device Research report.

Many design and functional elements that look and work great on a computer desktop simply cannot be successfully translated into a mobile experience – often such an attempt can make a site unusable or very difficult to use and navigate.

Mobile first's design philosophy turns old ideas upside down. Although many developers still start designing with neither mobile devices, but now they take into account the capabilities and limitations of their screens when creating a site design. So, we can say that the basis is the screen of the phone, not a laptop.

The same approach is relevant to use when creating and managing a marketing strategy. Focus on consumers who do not go to online stores via a computer, but prefer the phone.

This does not mean that any small business needs to create a mobile application. Now the AppStore and Play Market are updated daily with new applications that people have already lost interest in. But a marketer today must understand that content is primarily created for the phone screen, for a hurried passerby holding a smartphone. Understanding this simple truth will save a large share of the marketing budget in a crisis.

4. The world has become vertical.

The smartphone screen is a vertical world. And to be embedded there, you need advertising in a vertical format. Screen life movies have already begun to appear in the world of cinema, the actions of which unfold on the screens of the protagonists' smartphones. As for everything else, it also greatly reduces production budgets.

5. Entertainment.

No matter how serious the store or business is, consumers love when they are distracted from reality, and even more so in a crisis and during a pandemic. The smartphone is first of all a portal to the world of entertainment. People do not want to read serious scientific articles or watch a difficult psychological drama in it, especially during the epidemic. They want instant access to something that can be distracting and entertaining.

The smartphone blurred the line between social media, education and just having fun. Take, for example, TikTok, whose number of users has already exceeded 1 billion. It is difficult to call this channel of communication just a social network for communication.

The number of Instagram users has already exceeded 1.2 billion people. Now it is the most powerful mobile channel. Approximately 80% of all Instagram users are subscribed to one or another business account. Companies that are on Instagram receive up to 37% of the total number of impressions from Instagram stories. Every fourth Instagram ad is in video format.

The marketer must take this data into account when deciding on communication channels. Also, keep in mind that no matter how traditional a company is, few people will know about it if it is not available online and on social media.

6. Content during the crisis.

A survey of more than 35,000 consumers worldwide by Kantar found that only 8% believe that brands should stop advertising during the epidemic.

The vast majority believe that brands should just show themselves, sound encouraging and stick to their values.

About 45% of respondents want to know how companies implement plans to protect the supply of services or products, and more than 40% want brands to allocate funds for hand sanitizers and face masks.

Only 30% want to see brands that offer discounts and promotions. Only 19% want businesses to set up call centers to help with customer inquiries.

It means that people understand the plight of many companies.

7. Time of ordinary heroes.

Now and in any crisis, if you analyze, it's time for ordinary heroes. Truck drivers, restaurant workers, food vendors, taxi drivers, neighbors, nurses, pizza delivery people, those who clean the streets and keep order – customers want to see them as heroes.

A simple advertising campaign that shows the company's employees, their working conditions and what they do will have a greater conversion than just abstract information about the company.

The crisis is the time to talk about how the company takes care of its employees. But it is important to remember that honesty comes first. Consumers feel false and remember for a long time, so if the company does not care about its employees, it is better not to say anything about it.

People are already quite intolerant of marketing mistakes, and in a global crisis, when all feelings are sharpened and patience is zero, they can be very toxic.

There are also four main niches for business that will be on the rise for at least a year. For the marketer, as not the business owner, this information can be used at strategy of diversification of activity, or at creation of additional points of differentiation for the company.

The main niche, of course, is online shopping. Going online has become critical for most companies in 2020.

After the introduction of quarantine measures in the field of online trade there was an unprecedented surge in consumer activity.

A striking example is the experience of the e-commerce giant Amazon. Between March and April 2020, the company increased its staff by 100,000 employees to handle the huge number of new orders.

According to Google Trends, the frequency of inquiries related to online purchases has more than doubled compared to the average for the whole year – Figure 2:

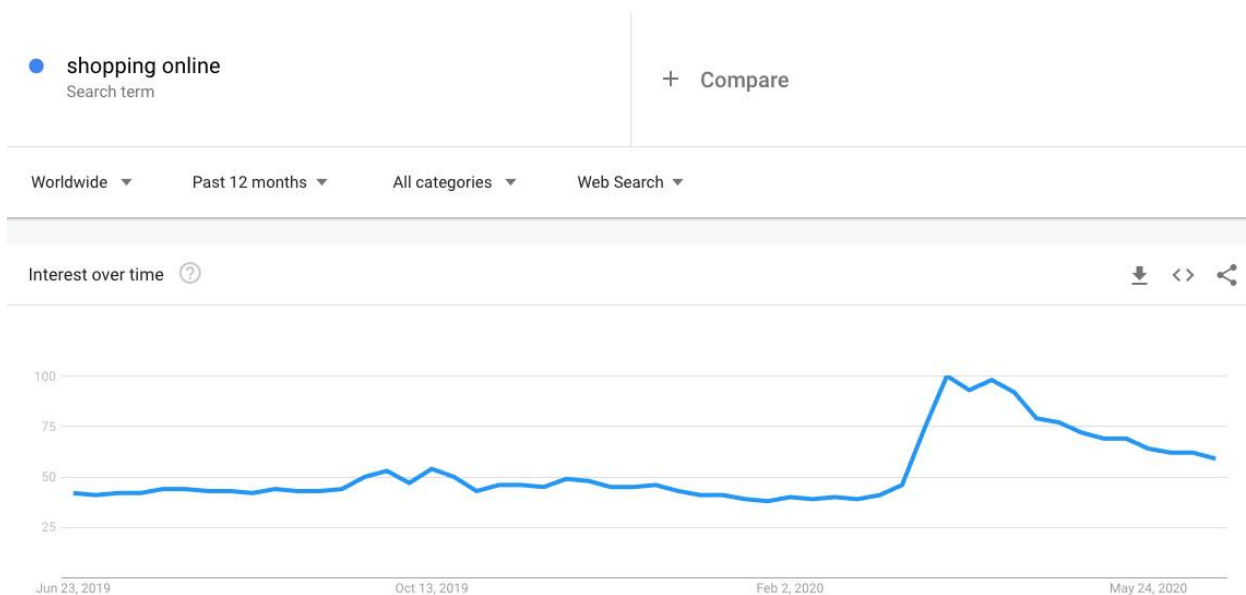


Fig. 2. Dynamics of the frequency of inquiries related to online purchases around the world, 2020 [11]

In March-April 2020 there was a record, for the last 5 years, the number of commercial queries in the Google search engine – Figure 3:

The turnover of e-commerce in the world is increasing every year. According to Data Reportal, the increase is approximately 10-12%. In the CIS, the percentage of people who use online shopping tools is much lower than in Western Europe, the United States or China, but their numbers are growing rapidly. Therefore, the annual growth is much higher, it is about 20%.

After the total transition to e-commerce, many users have discovered the possibilities of e-commerce: they have overcome the barrier of the first purchase, received the first positive experience of interaction. Quarantine served as a catalyst for the development of e-commerce. Therefore, in 2020 it is one of the most promising niches for business.

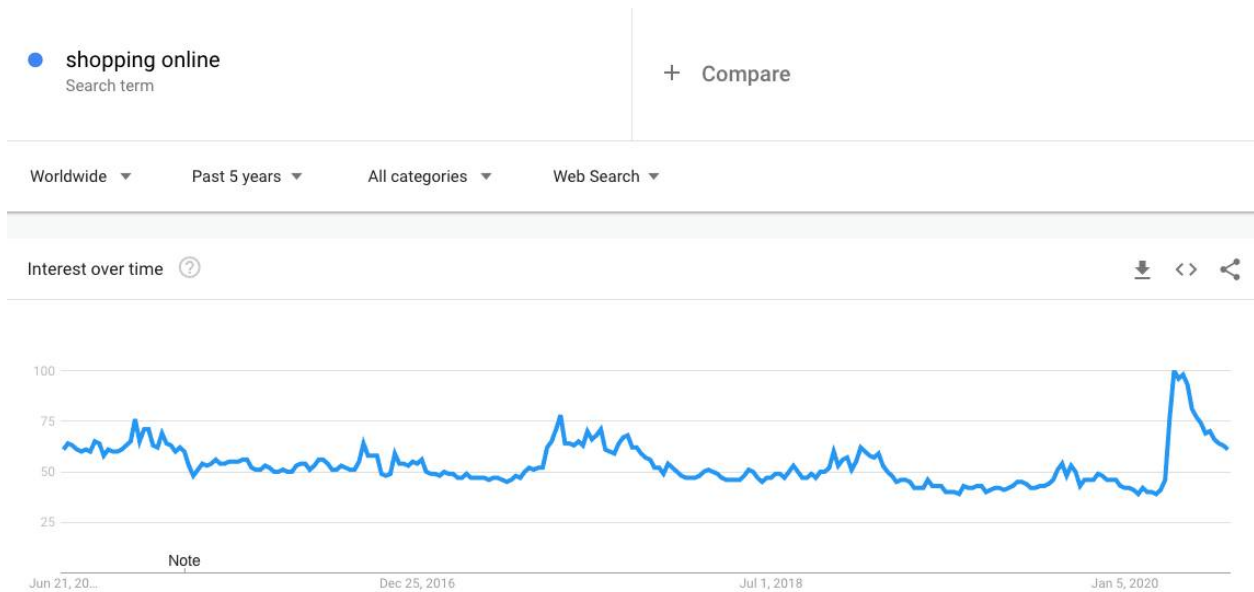


Fig. 3. Dynamics of the number of commercial queries in the Google search engine for the last 5 years, 2015–2020 [11]

A similar situation occurred with delivery services. At the end of March 2020, there was a record surge in inquiries related to home delivery of goods and products – Figure 4:

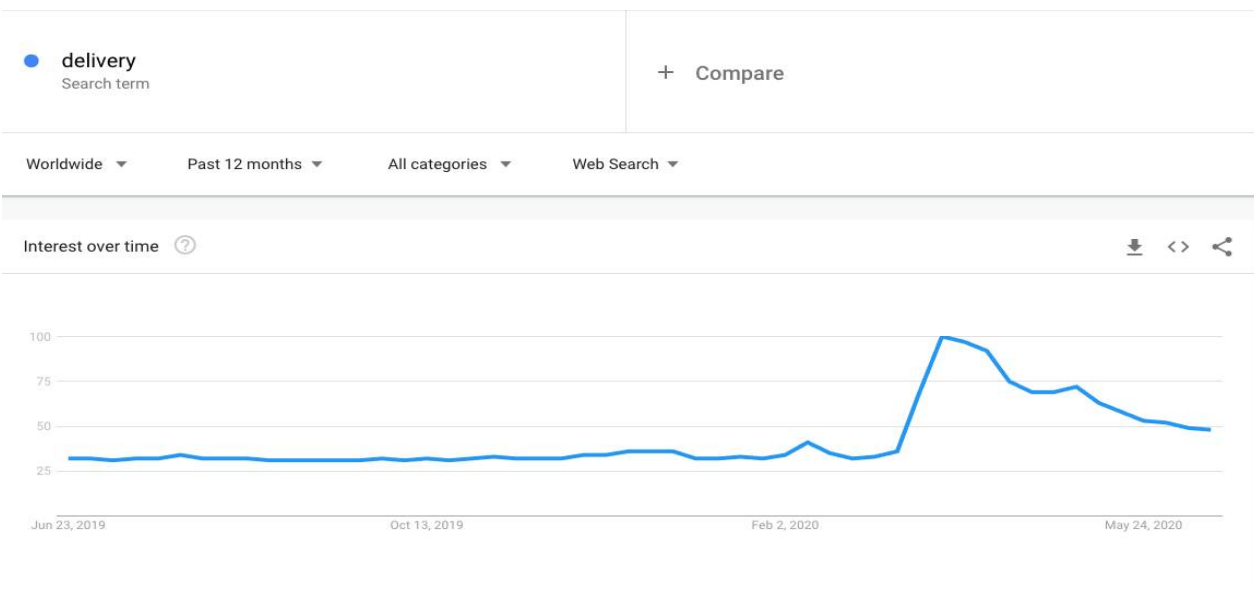


Fig. 4. Dynamics of requests «Delivery» on the Internet, 2019–2020. [11]

For example, the Ukrainian food delivery service Raketa notes that the number of orders in the first days of quarantine increased by a quarter, and in a week by more than 70%.

It should be noted that such a surge occurs in conditions of a sharp decline in overall consumer activity. As many companies were forced to freeze their work due to quarantine, their employees lost their sources of income. Many potential customers during quarantine want to minimize their own costs until the situation normalizes.

In addition, the niche of delivery is closely linked to online commerce, because if you need to buy online, you need delivery. Therefore, we believe that after the complete lifting of quarantine, consumer demand for these services will decrease, but will not return to previous levels.

One of the most promising niches in the field of B2B – IT outsourcing. The global shift of enterprises to digital tools for working and attracting customers has increased the demand for services related to the development and support of information products.

Involving IT specialists and organizing their productive work is a rather long and costly process. Under conditions of quarantine and a general decline in income, few companies can afford to form a full-fledged IT department.

A more flexible alternative is outsourcing services. This is a format of remote cooperation with a team of specialists, in which the company pays only for the work performed. It allows you to quickly and inexpensively use the services of an experienced IT department.

Many companies during the quarantine period have already introduced a remote format of work among their own employees. Many entrepreneurs have gained experience in effectively organizing remote work, which also increases their willingness to work outsourced.

Crisis marketing is one of the most pressing issues for almost every company. The main problem of Ukrainian business in solving this issue is lack of understanding what the right marketing can give in a crisis situation.

To do this, the marketing department should not only try to analyze consumer behavior during the crisis, but also quickly understand and adapt to new trends that will be relevant after the crisis.

Looking at changes in the market, marketing in both large and small companies should focus on:

- business entry into online commerce;
- new models of consumer behavior;
- smartphone, as the main tool of obtaining and transmitting information to the client;
- honesty with consumers, especially during a crisis.

Analyzing the examples of large corporations and small startups, we can say that marketing during a market recession is one of the most powerful tools and opportunities not only to stay afloat, but also to emerge victorious with more market share and loyalty to the company.

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УДК 339.138

Мокляк Мирослава Володимирівна, кандидат економічних наук, доцент. **Шумейко Юлія Михайлівна**, магістрантка. Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Сафонов Микола Сергійович**, підприємець. ТОВ «Алмаз ЛТД». **Маркетинг в умовах кризи: особливості застосування та шляхи реформування.** Розглянуто проблеми застосування маркетингу в компаніях в умовах рецесії економіки. Перелічено та проаналізовано причини, чому департаменти маркетингу й реклами одні з перших потерпають на початку кризи. Визначено важливість реформування маркетингової системи до та під час кризи. Проаналізовано особливості кризи 2020 року, її відмінності від інших масштабних криз, вплив на поведінку споживача й розвиток економіки і маркетингу в цілому. Виділено нові мотиви та особливості в поведінці споживача, на які має вплив не тільки розвиток технологій, а й події 2020 року. Проаналізовано основні причини занепаду маркетингу в Україні під час будь-яких кризових явищ та шляхи розвитку відділу маркетингу. З метою утримання частки ринку компаній, зміцнення своїх позицій в умовах кризи й за можливості розширення свого впливу відділам маркетингу запропоновано аналізувати нові тренди в поведінці споживачів та будувати маркетингову стратегію згідно з ними. Сучасні напрями розвитку компаній у цілому та маркетингу зокрема включають вихід на онлайн маркетплейси, створення динамічних рекламних кампаній, швидку реакцію на зміни в трендах, комунікацію з клієнтами через смартфон, чесність зі споживачами, особливо в умовах кризи. Розглянуто успішні заходи великих корпорацій під час коронавірусу й кризи 2020 року. Крім того, проаналізовано актуальність виходу в онлайн для компаній різних сфер бізнесу згідно з даними Google Trends і пошуковими запитами. Виділено основні помилки при побудові маркетингу в кризових умовах та проаналізовано причини скорочення маркетингових і рекламних відділів. Виділено чотири основні ніші для бізнесу, які будуть на злеті мінімум рік. Досліджено чинники, котрі впливають на розвиток маркетингу й реклами. Виділено основні напрями розвитку підприємств, їхніх маркетингових департаментів та додаткові послуги, які може впровадити навіть невелика компанія і які створюють коло лояльних клієнтів.

Ключові слова: економічна криза, маркетинг під час кризи, реклама, зміни в поведінці споживача.

UDC 339.138

Myroslava Mokliak, PhD., Associate Professor. **Yuliia Shumeiko**, Master student. National University «Yuri Kondratyuk Poltava Polytechnic». **Mykola Safonov**, businessman. LTD «Diamond LTD». **Crisis Marketing: Features of Application and Ways of Reformation.** The article defines the problems and opportunities of developing marketing in crisis. The importance of reforming the marketing system before and during the crisis is determined. The peculiarities of the crisis of 2020, its impact on consumer behavior and the development of the economy and marketing in general are analyzed. New motives and features in consumer behavior are highlighted. The factors influencing the development of marketing and advertising are studied. The main directions of development of enterprises, their marketing departments and additional services that can be implemented even by a small company and that will create a circle of loyal customers are highlighted.

Key words: economic crisis, marketing in crisis, advertising, changes in consumer behavior.