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## WINNING MEDIA STRATEGIES IN THE TIME OF THE ECONOMIC CRISIS

**At the time of the economic crisis cutting marketing and media expenses is a common corporate reaction. While this reaction is rather obvious, this may not be the winning option. To find out more about successful media strategies authors conducted a broad, multiple method research, including interviews with industry experts (N=6, leading decision makers), scrutiny of consumer narratives (N=100), content analysis of forum and blog entries (N=7086 comments) and focus group interviews (N=4). Research findings point to realignment in media spending namely better-targeted communications programs and more fragmented media choice, and besides, show the increasing role of audience participation, too. Authors argue that careful managerial efforts for harmonizing consumer problems and advertising content may result in finding the path from problem level to desired level in marketing communication practices even in crisis periods.**

*Keywords:* economic crisis, marketingcommunication strategy, media strategy

At the time of economic crisis companies tend to reduce advertising and media costs. This is a rather typical business practice as the impact of cutting these expenses may not be tracked immediately. Nevertheless, those companies that invest in media presence may gain noticeable communication advantage. Strategies that build on fragmented target-groups will not necessarily start with cost cutting. Instead, economic and psychological consequences may be approached by a better optimized media mix. The media mix is not to be considered as a pure combination of communication channels, but it also involves carefully changed communication content. While several companies lower their activities, others can consider gaining new markets by increased media spending.

To find out more about successful media strategies we conducted a multiple method research, including expert interviews (N=6, leading decision makers), consumer narratives (N=100), content analyses of forum and blog entries (N=7086 comments), focus group interviews (N=4). We recorded realignment in media spending: well-targeted communications programs, more fragmented media choice, and audience participation.

### **Corporate communication and media responses at the time of the economic crisis – literature review**

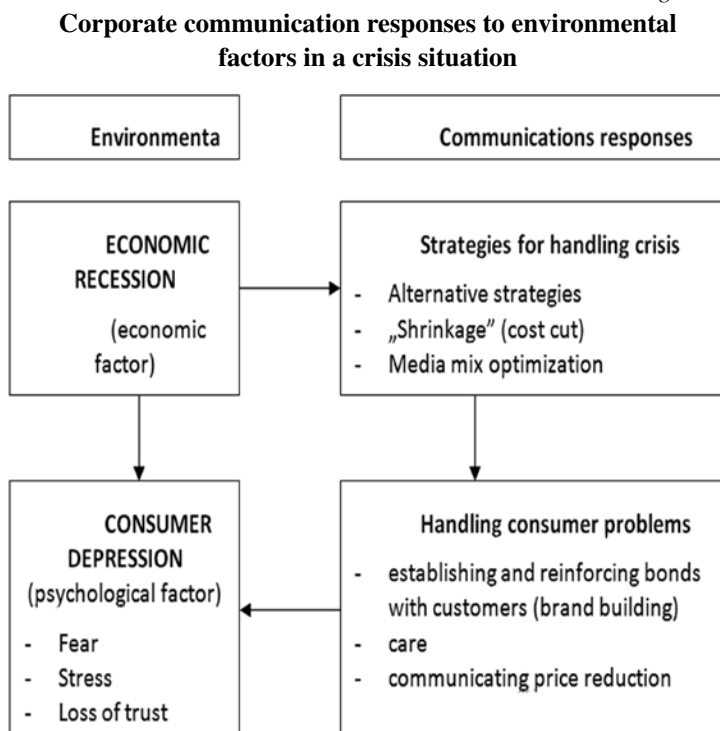
There is no dominant theoretical framework to address the phenomenon of economic crisis from media and marketing perspective. Research approaches take two views, one is deriving marketing strategic steps from consumer behaviour, and the other is a comparative competitive corporate overview. Roche et al. (2010) took a consumer perspective pointing out that the crisis modified consumers' buying patterns, and their attitudes of spending. It would be essential to explore for companies how major consumer segments were affected by the economic crisis, how they modified the structure of their spending, which products are still preferred. Most companies take little efforts, partly because of lacking appropriate tools. Still, companies showing a deeper understanding of consumers' thoughts and attitudes will gain competitive advantage (Roche et al., 2010).

Buyer decisions are significantly influenced by the economic situation, so when it becomes unpredictable consumers become uncertain (Flatter – Willmott, 2009).

The economic crisis has both financial and psychological impact on consumers, nevertheless the latter is not much considered in research (Ang et al., 2000).

From a psychological perspective, the *economic recession* implies *consumer depression*, because consumers as a result of the uncertain situation are afraid of losing their jobs, their investments or both (Figure 1). Companies, therefore, not only have to consider possible financial consequences, but the psychological impacts of recession, as well, and that is to be handled in different manners.

Figure 1



Source: authors' concept

Greater exposure to the economic environment induces dynamic changes in consumer habits, which at the same time creates new opportunities for companies that are able to understand and adapt to emerging economic and psychological status.

It is a question of strategy whether a company perceives crisis as a threat or an opportunity, as the first one limits possibilities, why the latter opens up new creative solutions. The two approaches – we could say pessimist or optimist views – depend on corporate philosophy that determines corporate strategic directions.

During recession consumer buying power decreases, and it is uncertain when recovery will occur. Consumers may react differently to the above phenomena. Some start saving, postpone buying products and services, or simply avoid buying situations. In those in-

dustries where customers are directly served, immediate decrease in sales is reported, while indirect decrease is observed in the relating industries. Consumers may immerse into self-production as well, doing several services (e.g. haircut or repair) for themselves instead of ordering them (Rampell, 2009).

When they perceive their income is uncertain consumers as a second reaction become more price sensitive (Chou – Chen, 2003) their preferences move in the direction of less expensive products. This may not be always the case since brand loyalty may prevail, brand can be considered as providers of safe havens in an uncertain situation. This may lead however to substitution, consumer compensate for spending less on other services such as going to a restaurant (Nguyen, 2011).

Beyond consumer reactions firms may follow different strategies. Srinivasan et al. (2005) investigated companies and their marketing managers, whether they were willing to increase their marketing efforts in the time of the economic crisis. They found that companies which have an entrepreneurial approach, consider marketing a strategic tool, and have access to appropriate resources use proactive marketing tools. This shows that even at the time of economic crisis increased marketing resources could lead to competitive advantage.

One such approach is the maintenance of pre-crisis advertising spending that can be beneficial from multiple perspectives. As several companies cut media and advertising spending consumers are exposed to less communication messages, therefore the impact of communication increases (Tellis – Tellis, 2009). Further, Albion – Farris (1981) argue that consumers are

a lot more receptive to advertising in a crisis period, as it may offer some relief and certainty in an otherwise stressful time to uncertain consumers. Consumers, who decrease their spending, tend to rely on advertising for making more certain decisions, therefore better remember advertising.

Both the literature and the recent research suggest consequently it is a better strategy to increase rather than decrease corporate advertising and media spending. Several experts (e.g. Welch, 2009) recommend aggressive advertising and media spending in crisis, still, majority of companies would consider advertising an avoidable luxury (Biel – King, 1985). Advertising effectively contributes to building strong brands, which establishes price advantage against competing brands, and makes the brand less exposed

to competition. Strong brands imply barrier of entry for new brands (Aaker, 1996). Graham and Frankenberger (2011) show that advertising brings long term advantage which far exceeds its costs. Those who insist on spending on media and advertising, not only establish their future turnover, but send positive, optimistic messages towards investors about future performance.

It is very important for companies to investigate how crisis reshaped consumer preferences and spending patterns, which products remained preferred. Most companies do not spend any effort on such a discovery, as they lack appropriate research tools.

## Research questions and methodology

To further explore this controversy in the Hungarian media scene we conducted a *multiple method research* (Table 1) where we explored companies' advertising and media strategies and accompanying consumer and audience expectations. The research contains expert depth interviews (N=6), consumer narratives (N=100), content analyses of forum and blog entries (N=88 blogs and forums, 7086 comments), focus group interviews (N=4 communication preferences x influence of the crises on one's life). The research took place in 2010.

Table 1

Research methodology and research topics

Methodology	Research topic	Sample size
In-depth expert interviews	Experts' point of view on advertising and crisis	N=6
Consumer narratives	Spontaneous consumer narratives about consumer buying decisions in an economic crisis, references to memories of choices, advertising and its media	N=100
Blog and Forum content analysis	Analysis of advertising and telecommunication related content at the time of analysis	N=88 blog and forum entries; 7086 comments
Focus group interviews	Discussion about perception of the crisis and advertising memories during the emerging crisis	N=4x8 (communication preferences x exposure to the crisis)

Source: authors' concept

It is also important to note the corporate perception of crisis and its prolonging impact that we recorded in previous research. Those companies that decreased their advertising spending, and kept on lowering cost even when internal financial indicators suggested the opposite have seen a result of lower sales. Longitudinal analyses clearly revealed the prolonged effect of the "advertising crisis". While immediate positive impact of investment in advertising is recorded in critical times, on the contrary decreased spending and retarded sales would be a long term issue. We have to note that long term positive impacts of increased advertising spending not only contributes to sales, but also improves corporate reputation among investors. Furthermore, its impact on consumer reputation would last as long as the end of the crisis period (2-3 years) (Graham – Frankenberger, 2011).

According to the American Marketing Association we enter the age of *austerity marketing*, which focuses on consumers who are reluctant to spend. This approach would introduce newer incentives among sales and coupons, which make them clear the major benefits (Sullivan, 2008).

## Corporate insights and media mix optimization

In this part we are reporting on general tendencies and later we point out specific actions taken by companies. It is a general reaction to reduce media and marketing costs, and such an act will have implications for the whole marketing organization. General cost cut without strategic reason would not bring favourable solutions. Still, most of the responses indicated immediate reduction of marketing and media costs:

*The marketing budget may serve as a possible source to cost cutting. A company can always say we are going to spend less on marketing communication. And they indeed say. This is especially true for the advertising scene. This started with clients' changing their monthly commission and turning to ad hoc commissions. (expert interview)*

However, some companies showed a long term approach:

*It is product quality, image and value that determine our strategy. During the time of the crisis we gave bigger emphasis to value, previously image dominated. Quality product characteristics with underlying*

*ing appropriate strong image could increase market shares. After decreasing in 2009 we increased our advertising spending in 2010, as we found this previous step strategically wrong. We expect general uncertainty for 2011, but we are also optimistic in some categories. (expert interview)*

However, advertising and media presence is necessary for reinforcing the diffusion of innovative products, higher spenders gain better results in the competition. Experts' opinion support that innovative companies should focus on long term benefits when they consider advertising and media costs. Beyond general approaches firms often pursue specific actions, such as less advertising, more sales promotions or using different media.

#### *Decrease of advertising spending*

Reduced advertising and media spending may be compensated by better targeted ads, which reach the real, interested targets that therefore increase advertising effectiveness. During the period of economic crisis the structure of advertising spending have also changed, which is a result of more dominant aggressive client negotiations, partly changing use of the media. The tendency is that traditional TV and print spending decrease, cable television and digital applications increase. The latter though also is subject to fashion trends, while we lack precise measures, digital media applications are not to be measured by traditional media indicators.

*The restructuring occurred before the crisis, which then become strengthened by the crisis. This is what we can see in the case of the new media (social media, virus or guerrilla applications). Besides that Hungarian marketeers do not build brands, but have short term perspective of 3 years, as long as their contract lasts. As a result of multinational firms increase price competition, Hungarian consumers are used to that brands are very similar, so they decide on the basis of price. (expert interview)*

Companies with stable positioning and clear brand strategy do not consider cost-cut and therefore price-cut as an adequate long term response to the crisis, as lower prices erode consumers' brand perceptions. Thus these companies in 2010 already increased their advertising and media spending. The advertising industry (ad agencies and media owners) try to compensate by price reduction, increased effectiveness and innovative solutions.

Advertising considerably contributes to the building of strong brands, which reduces price sensitivity

for our brands, and also decreases switching behaviour. Strong brands are barrier for entry for new market players (Aaker, 1996). As economic growth slows, many companies would try to increase their market share on the expense of their competitors. In such environment, more intensive advertising would limit the seriousness of competitive action and help to maintain sales (Tikoo – Ebrahim, 2010).

Advertising is not risky from the investors' point of view either. While investment in research and development is of high risk, strategic decisions, ads are less risky, which show results on the short run (Doukas et al., 1999). As a result of the economic crisis investors reconsider their future expectations (Johnson, 1999), accept only lower risks and start pursuing short term approaches, therefore prefer solutions that indicate positive results faster.

Advertising planning followed this above trend, which resulted trial and error solutions:

*Marketeers are in situation where costs cuts generated by the crisis and the emergence of the new media simultaneously occurred. New media is a new area that most are trying, they don't know how it works, but it's cheaper, so they "experiment." (expert interview)*

#### *Promotional actions to increase demand*

Decreasing consumption is the most obvious consumer reaction in critical times, therefore companies often use sales promotion actions to keep price sensitive customers. Price sensitive customers make more elaborated purchase decisions, for them, immediate financial rewards would work better than complicated sales programs, as they can see at the point of purchase that they saved a certain amount. On the other hand, continuous price based sales promotions would modify consumer expectations about price, and on the long run may however ruin the profitability of the company, which would lead to price wars (Quelch – Jocz, 2009).

*The change of advertising is very interesting. We have to better explain why a product worth buying during the time of the economic crisis and we have to modify proportion of claims – benefit, image, value – within one ad. For example we cut commercials into 25-5 seconds, and we repeat the major argument in the second part. The other solution is that we increase the portion of the cheaper (lower category) products within one product category. We also see that advertising style is in line with global trends – e.g. there are more emotional type of arguments instead of functional arguments*



*in the case of P&G for example in Hungary. But this has the precedent of 10 years consumer education, since then consumers became more receptive to emotional argumentation instead of functional arguments. (expert interview)*

#### *Use of alternative media*

The pressure to spend less on advertising made companies to find new alternative ways, new media to compensate for the lower general spending.

*Online applications can create connections across different communication channels, PR activities or a flashmob. If only apps can keep these under a unified concept, this would be the most efficient, more efficient than television. (expert interview)*

New media is not necessarily online, it is more part of the 360 degree marketing. Significance of TV, radio, press decreases, while online media exponentially increases, which makes more space for events, guerrilla marketing, ambient media and new applications. (expert interview)

Further, the crisis makes companies search for creative solutions, and reconsider their routine-like, habitual media channel choice practices. According to Roche et al. (2010) many companies have found that even with 30 % decrease in advertising costs could bring the same results, if traditional media channels were substituted by alternative media choice provided it reaches target audience.

Regardless of the economic crisis the use of alternative media increases and as their pricing is not well established yet, they seem to represent a cheaper option. On the long run, however, companies have to reconsider what tasks can new alternative, and old traditional media fulfil. For the moment still, it is television that is most efficient in reaching great number of target customers in mass consumer markets. Search engine optimization would bring better results in smaller scale, specialized sales efforts. SEO (search engine optimization) gives more precise targeting and reduces costs. Online search behaviour becomes important in consumer markets too, as it seems an autonomous move not a corporate initiative (it seems consumers' own choice).

*I don't go to the internet to watch advertising, but if I am interested in something it is quite different. In this case I need real information. (focus group consumer interview)*

Online comments, blog posts seem more reliable than classical corporate communication.

*If I search for information about a product or a service, most of the time I search for a related forum. I read what people say, and I am sure it is not manipulated. Maybe ten people contribute to the forum, eight write about the truth, so I will have real info about how good the product is. Those people will express whether you should buy or not buy the product. (focus group consumer interview)*

#### *Measurement problems*

One of the major problems of new media is the lack of established measurement system, while classical media – efficiency and effectiveness – is well measured. However lower costs of new media make market players more experiment with these new solutions.

*Yes, it is cheaper, so they play with it. Then we see what it worth. It is not such a big investment. I did not even know where the on half of the HUF 500 million went (of our classical advertising). The same goes for the new media choices but it is the half of HUF 5 million. (expert interview)*

*There is no such a system yet, that efficiently measures new media. We can record clicks, but it is not necessarily purchase. Using new media is cheaper; you reach the same segment for a lot smaller amount of money. Though, not all audience use new media. Some clients forget about 35+ plus age groups with lot higher purchasing power, which are more difficult and expensive to reach. And they are not new media users. (expert interview)*

*Social media. It is the trend today. Facebook applications become more important, those YouTube videos spread, there are more and more variations to disperse. If there is a corporate intent to have a YouTube video spontaneously spread, it will not. But we have to work hard, if one, out of 100 spreads, it is a success. I also see that PR becomes more important. (expert interview).*

#### **Consumer insights – harmonizing advertising content and consumer expectations**

More intensive exposure to the economic environment induces more dynamic changes in consumption habits, which is an opportunity for those companies who establish a better understanding of economic and psychological impacts. Based on consumer insights we aim to shed some light on the linkage of consumer behaviour and advertising.

The crisis destroyed the lower level Maslow needs, like subsistence, security and belonging. Dismissals, re-

strictions, increasing instalments devastated the security and cohesion of the home. Problems of the everyday are the dark side, while advertising brings some brighter views (Figure 2).

### Problem levels

Crisis-related consumer associations represent the dark side. The economic crisis not only implies economic consequences, but psychological problems. Dominant genre in advertising is tragedy, which is reality itself, tragedy of the everyday.

*The crisis can emerge not only at a material but also at an emotional level, as our state of mind gets into a temporarily hopeless state. This brings bad mood, in a bad case, depression. (consumer narrative)*

### Individual solution level

Individual problem solving is effective when the individuals can reshape their values from materialistic values, commitment to products to relations to other people. Therefore, the role of the family and relationships increase. Consumer restrictions result decreasing consumption, and reduced costs.

*Majority of the people in Hungary do not have stable financial background, their work is uncertain, as a result their income too. Many live from day to day, so family and belonging becomes a lot more important. (consumer narrative)*

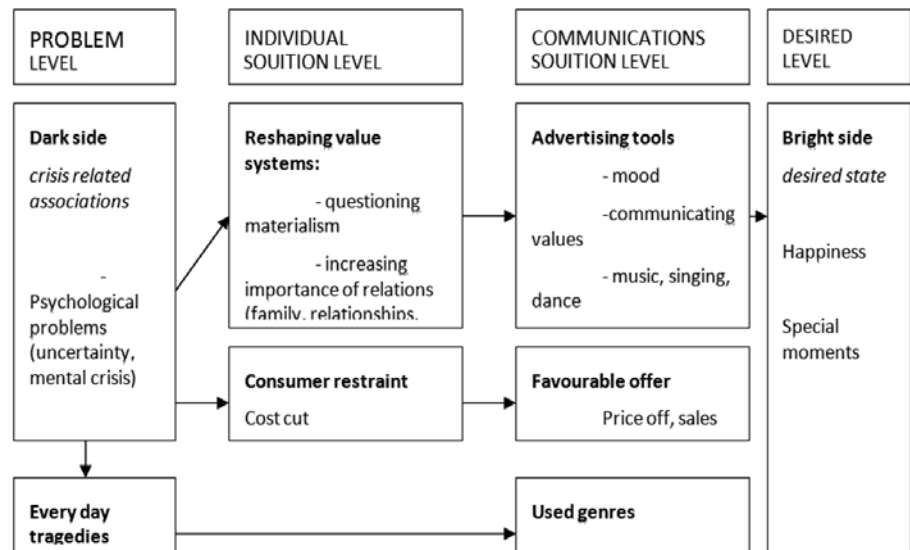
### Communication solution level

Rational corporate response to consumer restrictions is the more intensive communication of sales offers. Although this message is important, it has secondary importance compared to emotional arguments.

*We want humanistic treat and clever communication. I don't think it is too much. (focus group consumer interview)*

Advertising may offer solutions in such cases, using its tools, incorporating those values that are important during the time of the crisis. This has to be achieved in a way that the ad does not mention the crisis, which moves the target into depression, instead of kicking them out from there.

## Harmonizing consumer problems and advertising content in crisis time



Source: authors' concept

*The advertising should be positive, because positive feelings better makes us feel happier. (focus group consumer interview)*

Advertising gains the role of bringing light of hope. This may be maintained by creating the appropriate atmosphere, music and creativity. Although cost cuts in advertising may seem appropriate, mistakes in the argumentation is inexcusable for consumers. As a result, dominant genres in the advertising are comedy, romance and irony. Reminders to the daily tragedies are a refused strategy. Advertisers should portray the desired states.

### Desired level

Desired states are those happy moments, which keep the community together. Bring joy and love for people like Christmas time. One of the Xmas ads could capture people's desires and feelings.

*In my opinion the snow block that caused the traffic jam and stopping of the cars represent the crisis. There is no way back, it is very difficult to find a solution for the problem. Those people, who got stuck there, represent people victims of the crisis. The girl is at home in the warm flat. When she starts singing they get closer to each other with the boy who also stuck in the traffic jam. When the boy turns on the speakers of his car, and all people can hear the beautiful song of the girl, all the other people in the difficult situation can feel the calmness that the girl's song conveys. The voice of the girl represents hope. There is something good in all evil, all difficult situa-*

tions involve a way out. As the boy shares the “voice of hope” with everyone, creates a sense of belonging in the situation. At the time of the crisis cohesion is very important, as we can do more as a group than separate individuals. (consumer narrative, female)

Consumers frequently accuse the loans in the crisis, and those ads that make people buy more than they actually need. Instead of enlarged promises, they expect responsible communication. Consumers expect advertising to have an educative role in the future:

*I am mad at those advertisements that are not backed with responsibility. They say it is a washing machine, it washes well, but what, if not? If you purchased it from a loan, the knife is on your throat, ... you may approach the prison sooner or later. (focus group consumer interview)*

*I am frustrated by the fact that they ruin the life of those people (those who irresponsibly took big loans), and no one taught them, educated them about rational, responsible financial thinking. (focus group consumer interview)*

## Summary

Several companies see their appropriate adaption to the crisis in media spending reduction. However, such cuts will not solve the problem and even generate further ones. Strategies that build on fragmented target-groups will not necessarily start with cost cutting. Instead economic and psychological consequences may be approached by a better optimized media mix. The media mix is not to be considered as a pure combination of communication channels, but the consequently changing communication content. While several companies withdraw, others can consider gaining new markets by increased media spending. But this may also be reached by a more moderate price cut compared to competitors or more efficient media mix.

In the crisis the role of communication increases, which require better targeted media choice. Communication may show new directions and strengthen emotional bonds. These favourable communication effects would be more widely available in the mass media, as communication noise decreases, even the same level of media spending brings better results. In this situation, even a “one-way-type” communication establishes security for those who feel uncertain in the crisis and look for support. Creating relations then be achieved by well-targeted messages, increased interaction and new innovative solutions in the media mix.

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