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**THE CHALLENGES OF
THE MARKETING COMMUNICATION STRATEGY
DURING THE GLOBAL ECONOMIC CRISIS
IN THE FINANCIAL INDUSTRY**

Ilijana Petrovska PhD, University American College Skopje, petrovska@uacs.edu.mk
Marjan Bojadziev PhD, University American College Skopje,bojadziev@uacs.edu.mk
Nada Sekulovska PhD, Ekonomski Fakultet Skopje, nadas@eccf.ukim.edu.mk

Abstract: The marketing communication strategy of the financial services in the last years is permanently changing. The financial services specifics and the global trends as globalization, global financial crisis, technology development and the customer diversification are influencing the marketing communication strategy.

This paper is researching the challenges of the marketing communications strategy model during the global financial crisis and the influence of different macro environmental factors on the contemporary marketing communication strategy model.

For this research will be used a primary research with an online survey regarding the marketing communications of the banks in Macedonia. Taking into consideration the latest world trends in the banks' marketing communications; especially influenced by the last global financial crisis we are comparing the challenges in the marketing communication's strategy model in the world and the influences on the Macedonian banking marketing communications strategy.

This model is comparing several specifics of the marketing communications models as the communications approach and the appeal, the communication's budget allocation according to the banks products and usage of different marketing communications activities. As the advertising had the biggest participation in the previous bank's marketing communication strategy, it is the objective of this research to find out the participation of rest of the marketing communications activities as public relations, sales promotions, guerilla marketing, internet marketing and experience marketing in the current bank's marketing communications' strategy model.

Key words: marketing communications, global financial crisis, public relations, communications appeal, budget allocation, PR, internet and experience marketing.

INTRODUCTION

The purpose of this paper is to implement a research regarding the marketing communications of the financial institutions during the last financial crises in the Republic of Macedonia. The last world financial crises had a big negative impact on the world economy, especially in the financial industry. However, the Republic of Macedonia did not suffer big financial implications in the financial industry, mainly because the investments in this sector are still underdeveloped and also the current financial actors are not active in the world financial markets.

However the financial institutions' marketing communications are showing changes in the world and in Macedonia, too. With the monitoring of the world banks' marketing

communications, the main conclusion is the change in the communications approach, especially in the message and in using the communications' channels.

We used quantitative online research for this paper, covering all present and active banks with marketing communications in Macedonia. From eighteen banks, only ten had valuable marketing communications in the last year, out of which six participated in this research.

The results are showing that the financial crises has influenced changes in the message approach, stressing the security and customer orientations, with emotional appeals of the banks' marketing communications. The channel distribution is not significantly changed as they were mainly using TV as a main media. Regarding the budget allocations main changes are in the product allocation, stressing the deposit products in the last year. Most of the banks have also decreased the marketing communications budget during the last year in 20-30 percentages comparing with the previous year.

THE CHALLENGES IN THE FINANCIAL INDUSTRY

The contemporary banking is under pressure of many turbulences and influences from the contemporary world. The world is not just different, but it permanently changes and modifies. The world trends, Internet and the latest technologies are spread around very fast, and customers also have increased wants and expectations from the banks. The banking industry is not isolated, and many changes have happened, also innovations appeared with aim to accomplish and fulfill the "new" and the future customer's needs and wants.

We would summarize the changes and the trends in the banking industry, as Ennew (1995) and Claessens (2003) said, as follows:

- Globalization and internalization
- Deregulation and regulations
- Opening of domestic markets
- Changes and improvements in the retail banking, building of the corporate image and launch of brands in the banking industry
- Starting new delivery channels and smaller connection with the clients, development and implementation of the newest technological innovations, opportunity for internet banking
- Development of permanent communication with the clients
- Much bigger number of non-financial institutions in the world
- Changes in the demographic structure and
- Social responsibility implementation.

In the time when the United States financial crises spread in the world, it was about survival or bankruptcy, mostly because of the bad sub-prime lending in the investment banking and the fall of the mortgages in the United States, when few biggest world banks collapsed and also asked for help from the government, there were even mentioned possibilities for regulations. From the other side other companies were using the crises (Pacek & Thorniley, 2004), using the opportunity for getting rid from the non-useful and bad employees.

In the Republic of Macedonia there were fewer implications from the last financial crises. Maybe it is absurd, but mainly the underdeveloped Macedonian banking industry and its concentration on the traditional banking operations (loans and deposits) was the main reason for isolation from the global financial crises direct impact.

However, the Macedonian banks were feeling the consequences of the crises, too. What was decreased was the opportunity for unlimited and cheap financing, banks' liquidity influenced on interest rates increase and decrease in loan approvals, implemented by most of the Macedonian banks. The focus has been turned on the deposit products, offering the highest interest rates. However, the decrease in the loan approvals has negatively influenced the banks profitability.

Schieffers (2007) is stressing the key conclusions from the previous big financial crisis:

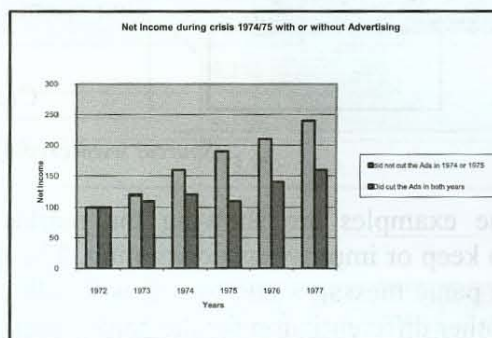
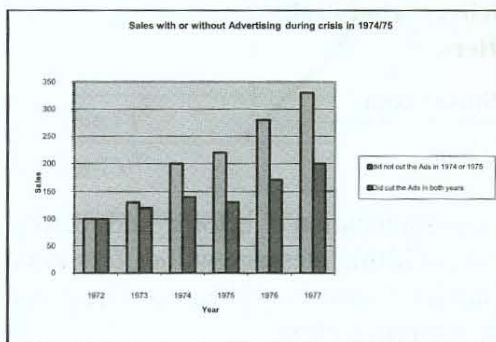
- The globalization has increased the frequency and the spread of the financial crisis
- Early central banks' interventions were more effective in limiting the crises, instead later and
- The regulators often can not be in track with the latest financial innovations, which could determine a crises (as it was the case with the last world financial crisis)

Therefore, it is very important that the companies and the financial institutions should be prepared and act with concrete scenario when the crises appear.

MARKETING COMMUNICATIONS DURING CRISES

The factors mentioned before, such as changing customer needs, new technology, new regulations, downsizing, globalization and economic cycles have altered the power base and outlook of customers and prospects, employees and the investment community, and have raised the importance of the integrated marketing communications.

The big founder of the advertising industry Ogilvy (1985) presented the previous recessions from 1974 and the effects of decrease or keeping the same advertising budgets. The companies who did not decrease the advertising budgets were performing better profit increase instead of those who have cut the budgets.



Source: From American Business Press from the Book "Ogilvy on advertising" by Ogilvy D (1985), First Vintage Books Edition. P. 171

In the banking industry in the world, after the 2008 / 2009 financial crises, financial institutions were the most injured, especially in the United States, and most of the banks have decreased the advertising budgets. According to the Ad Age Data center analyses of the TNS Media Intelligence data, (Beth Snyder Bulik, 2009) the top ten banks and companies for credit cards have decreased the advertising budgets (except in internet, outdoor and national radio) for 11 percentages in 2008, 25,2 percentage in the fourth quarter and 38,7 percentages in December 2008 compared with the same period in 2007.

On the other hand, some banks were coping with the crises in the way that they were not decreasing their voice, but they were changing the communications' tactics, according to the clients' reactions. Such example gave Ben Steward (Beth Snyder Bulik, 2009), Senior Vice-President for brand marketing in Charles Schwab, who said that "he is having a responsibility to customize towards the customers". He was planning to launch a CNN/ Charles Schwab help desk as a multiplatform deal with the media owner and to provide a place with lots of relevant contents and a place where to answer people's questions. (Beth Snyder Bulik, 2009). In the same article from Mary Beth Sullivan, presented were examples of the winner JPMorgan Chase, who pursued direct marketing approach towards its existing or lapsed customers and continued with the same communication approach "The Way Forward", the marketing campaign which started from November 2008.

The City Bank started with the campaign "Never Sleeps" as a part of 20 million dollar new global advertising campaign. The company used the print and TV ads to restore its image as a trusted financial institution by reassuring customers that Citi was working for them. "The worst thing that financial companies can do right now is go quiet", said Andy Bateman, CEO of consultancy Interbrand, New York (Michael Applebaum, 2009).

The Credit – Suisse Bank is also presenting more emotional and human approach, as a bank that cares about its customers. The bank is going more deeply in the needs of their customers and writing a copy that really matters to the people, as presented in the advertisement bellow.

Source: www.credit-suisse.com

All of these examples are showing the marketing communication's efforts and banks' successes to keep or improve its positioning. The question is if this message will differentiate from all the panic messages and how it will influence the long term brand equity. There is a need for another differentiation for the banks' marketing communication.

Another important element during crises is the bank's employees, who are the mirror of the bank's image. They have to be trained and motivated (Eagle, 2008) in order to:

- Address the same attitudes and customer's concerns. The employees have to be trained to manage angry and dissatisfied customers; they have to express calmness, to listen and to understand the customer's needs, to cope with difficult situations and to know how to answer to the difficult questions in an open and sincere manner.
- Inform the clients about their security. The employees have to know how to inform the clients about the secured amount of their savings.

- Persuade the clients about the security and the bank's reputation. The employees have to know the history of the banking industry, the last crises, changes undertaken for the situation improvements, internal audit standards and procedures and the existing external regulatory bodies.

The training is very important, because the bank can not persuade the clients that everything is all right, unless the employees are not trained accordingly.

ADVERTISING DURING CRISES

The advertising budgets of the banks in the last years were constantly growing, except in the year 2009 when the budgets were decreased as of the crises. Overall advertising spending in the United States fell for 12,3 percentages in 2009, according to a new report from Kantar Media, triple the rate of decline from 2008 (Nat Ives, 2010). But the last year's ad – sales drop was moderated in the fourth quarter, when all media improved their performances from earlier in the year. Some of the most suffering was by local magazines with 27,7 percentage decrease, business magazines where ad revenue fell for 26,2 percentages, spot sales of national radio commercials fell for 24,6 percentages, TV commercials were down for 23,7 percentages and local newspapers were down for 20 percentages. Only internet display advertising managed to improve its ad revenue by 7,3 percentages and also inserts in newspapers improved by 3 percentages.

Financial services posted double – digit retreat in the advertising budget, as automotive industry, local services, miscellaneous retail and direct response.

Percent Change in Measured Ad Spending¹			
MEDIA	SECTOR		
(Listed in order of spending)	in order of	Full Year 2009 vs. 2008	4th Quarter 2009 vs. 2008
TELEVISION MEDIA		-9.5%	-2.4%
- Network TV		-7.6%	4.1%
- Cable TV ²		-1.4%	2.7%
- Spot TV ³		-23.7%	-13.9%
- Spanish-Language TV ⁴		-8.9%	-4.7%
- Syndication - National		-4.9%	-10.7%
MAGAZINE MEDIA⁵		-17.4%	-11.5%
- Consumer Magazines		-16.6%	-11.1%
- B-to-B Magazines		-26.2%	-22.7%
- Sunday Magazines		-11.0%	3.6%
- Local Magazines		-27.7%	-18.2%
- Spanish Language Magazines		-21.6%	-12.8%
NEWSPAPER MEDIA⁶		-19.7%	-8.9%
- Newspapers (Local)		-20.0%	-10.3%

- National Newspapers	-17.8%	0.4%
- Spanish Language Newspapers	-16.4%	-10.7%
INTERNET (DISPLAY ADS ONLY)	7.3%	-2.1%
RADIO MEDIA	-20.3%	-12.5%
- Local Radio ⁷	-20.6%	-11.7%
- National Spot Radio	-24.6%	-16.9%
- Network Radio	-8.7%	-7.9%
OUTDOOR	-13.2%	-5.4%
FSIs⁸	3.0%	0.0%
TOTAL	-12.3%	-6.0%

Source: Kantar Media

1. Figures are based on the Kantar Media Strategy™ multimedia ad expenditure database across all measured media, including: Network TV (6 networks); Spot TV (123 DMAs); Cable TV (71 networks); Syndication TV; Hispanic Network TV (4 networks); Consumer Magazines (231 publications);, Sunday Magazines (7 publications); Local Magazines (19 publications); Hispanic Magazines (14 publications); Business-to-Business Magazines (260 publications); Local Newspapers (147 publications); National Newspapers (3 publications); Hispanic Newspapers (47 publications); Network Radio (5 networks); Spot Radio; Local Radio (32 markets); Internet; and Outdoor. Figures do not include public service announcement (PSA) data.

2. Cable TV figures do not include Hispanic cable networks.

3. Spot TV figures do not include Hispanic stations.

4. Spanish Language TV includes 4 Hispanic broadcast networks, 4 Hispanic cable network and 70 local Hispanic TV stations.

5. Magazine media includes Publishers Information Bureau (PIB) data and reflect print editions of publications.

6. Newspaper media figures reflect print editions of publications.

7. Local Radio includes expenditures for 32 markets in the U.S.

8. FSI data represents distribution costs only.

METHODOLOGY

For this paper several methodologies are used. The comparative study on the current advertising agency reports, provided by media measuring agency, is presenting accurate results for the current media budgets of all active banks in marketing communications in Macedonia. This analysis also presents the media budget allocation according to a type of product.

The quantitative research conducted for this research, was executed on five banks in Macedonia, with different size, one big, 2 middle and 2 small banks. The sample is representative as it is presenting forty-two percentages from the total banks marketing communications budget. The questionnaire was pre-structured in order to define specific questions, covering the budget allocation for separate marketing activity and budget allocation according to the type of products and communications appeal. The survey was done online, sent by e-mail to the Bank's Heads of Marketing Departments. The online answers were confirmed through a telephone interview with each of the banks' marketing departments' heads.

The questionnaire consisted of the following questions:

1. Do you have any changes in the budget allocation per media and other marketing promotional activities? What is the percentage of the change (media / PR / promotions / telemarketing / direct mailing / production / sponsorships / internal / research / agency work)? Each of the marketing activities was discussed with examples from the banks.
2. Describe the budget allocation for marketing communications according to the types of products and services of your bank (fill in the Table 2) – deposit, credit, payment system and corporate image?

This research is a continuation of the previous doctoral thesis. Implemented for a three year period, it is showing appropriate results and appropriate conclusions are made.

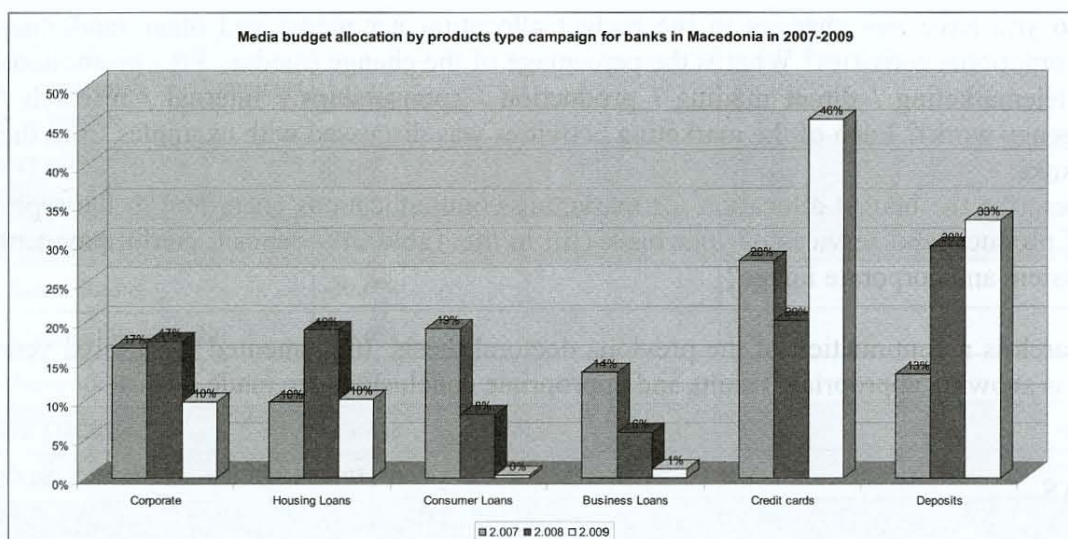
RESULTS

According to the survey for this paper, half of the banks in Macedonia kept the same budget in 2009 as in 2008 and half of the banks had 20-30 percentages decreased marketing communications' budgets for 2009 compared with 2008. In average all banks' advertising budgets were decreased 23 percentages compared to 2008.

Another trend was the change of the media channels allocation. In the Republic of Macedonia TV and newspapers were keeping the same allocation in the total media budget, and internet and outdoor were growing slowly.

The biggest changes were notified in the message approach and the communication budget's allocation according to the type of the campaign. The banks in Macedonia in the previous years had smaller or no media budgets allocated for deposit products. As from 2008 there was 30 percentage media allocation for deposit products, especially stressed in the second half of the year and in 2009 there was little growth with 33 percentage participation in the total media budget of all 16 banks active with marketing communication on the market.

The advertising campaigns for corporate image and mortgage loans have lower allocation in the total budget. Credit cards' campaigns still have significant percentage from the total media budget and much higher budget comparing with the previous years. Consumer loans and business loans communications are completely decreased on very low or no communication at all as could be seen in the graph bellow.



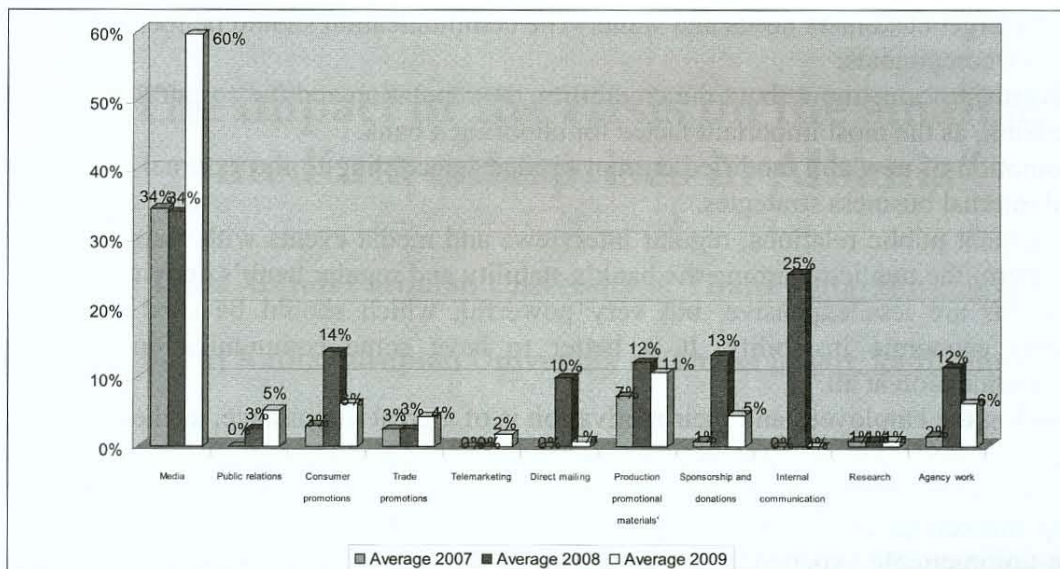
Source: data provided from Zenith Optimedia group Macedonia as from 15.01.2010

The new communication approach for integrated marketing communications was requesting a clear and consistent message for targeting segments, effectively using and integrating all possible communication channels for achieving the planned objectives.

Even if we are using traditional media or the new forms of digital media, the most important is to make a research and find out what our client is doing during the day, where is he/she going, what is he/she working, which media is she/he using, and where could we have the most effective two way interactive communication with him/her? We have to find the touch points where our potential or current customers are most willing to hear or read our message.

DISCUSSION

According to the survey carried out for this paper, during the last financial crises, the marketing communications in Macedonia were mainly performed through advertising. Only few of the biggest banks have implemented integrated marketing communications approach. Some of the banks have performed promotional activities as sweepstakes for credit cards. As we can see from the graph, Public Relations were also much used by most of the banks, as PR is mainly influencing on the credibility, corporate image perception and is only small part from the marketing communications budget, it is very cost effective and important for the banks. Direct marketing was rarely used, only by one or two banks, with telemarketing and online direct communication, but with very low participation in the total budget. This is mainly because of the old data bases and not implemented CRM systems in the banks in Macedonia, which is a big issue and should be changed in the near future, if the banks want better and cost effective communication. There is a trend of lowering the budget for sponsorships and donations, as it was on a very high level, before.



Source: data provided from the survey for this paper, as from March, 2010

Internal communication is covered with very low budget from the total communication budget, but that does not mean that banks were not using it. It is mainly covered by the Human Resources Department budgets. Therefore it does not exist in the marketing budget at all or exists with a small percentage.

Research activities are not used much, mainly for some quantitative or qualitative surveys, but not on a regular basis. This activity should be planned and performed on regular basis, as it is the most important for measuring the effectiveness of the marketing communications performance.

Agency work was also a small part from the total marketing communications budget, as most of the biggest banks in Macedonia were working with outsourced advertising agencies or at least with design studios or media buying agencies.

Pioneering steps are seen in using non-traditional media as guerilla marketing i.e. one bank had brand extension in 2008 with acrobats performing the name of the "OK" loan in the most frequent trade malls (Stopanska Banka, 2008). Also some of the banks started and are using small budgets for digital media as online advertising with banners, social networking advertising on Facebook, e-mail direct mailings and mobile advertising with SMS messages to current customers.

There is a new approach in the integrated marketing communication, building partnership relationship marketing, through involving / engaging the customer in the banking business, making an unforgettable experience and emotions, if possible, in order the customer to talk further, to recommend the bank and to stay lifelong loyal to the bank or to the bank's brand.

CONCLUSION

Taking into consideration the unique characteristics of the current crises and its implications on the marketing strategy and budget allocations, the conclusion is obvious that the communication would not be stopped. The marketing communication has to be integrated, delivering clear and consistent message, using all possible communication channels most

effectively to target customers needs and wants. The communication should be focused on the following four components:

1. Advertising campaigns about the credibility, the reputation and the corporate image of the bank, as the most important factor for choosing a bank.
2. Promotion of new and modified current products according to the external conditions and internal business strategies.
3. Permanent public relations, regular interviews and media events with main objective to inform the public regarding the bank's stability and regular bank's activities. Public relations are less expensive, but very powerful, which should be used especially during economic instability. It is better to have some communication, than no communication at all.
4. Training the employees and their motivation is of a great importance, as they have the biggest influence when choosing the financial products and services.

The new approach in the integrated marketing communication is to build partnership relationship marketing, through involving / engaging the customer in the banking business, making an unforgettable experience and emotions, if possible, in order the customer to talk further, to recommend the bank and to stay lifelong loyal to the bank or to the bank's brand.

Also another important way for communication is the use of direct marketing, for which channel the most important is to build, keep and grow quality data base regarding the current customers, in order to take care about the customer satisfaction and have a high retention ratio, as it is less expensive to keep the current customer, then to attract new ones.

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