

# Concerns and opportunities of marketing managers in the times of crisis – a comparison of the Czech and global study

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*Abstract:* - The current economic situation has significantly been changing responsibilities as well as realized activities of marketers in businesses. It markedly pressures on the decrease of costs and on the increase in all activities, which reflects into the attitudes and activities of marketing managers who react to this situation in different ways. The objective of this study is to introduce the comparison of global study and an authorial research that deals with the readiness of marketing managers for the current economic crisis. In its individual parts, the attention is paid to current marketing trade and their acceptance within the Czech environment. A comparison of the utilized information sources for decision-making processes and perception of their reliability are also presented. The main part discusses the current concerns and readiness of the managers to react to the changing marketing environment with the emphasis on their competences.

*Key-Words:* Marketing trends, marketing environment, crisis, marketing managers (CMOs), CEO, readiness of the managers, sources of information, trust in the sources.

## 1 Introduction

Authors of scientific publications [1], [2], [3], [4] as well as the administrators of the scientific blogs and websites (eg. CMO.com [5]) defined the marketing trends for 2013 out of which the following appear to be the most essential ones:

1. Shoptimization and the digital wallet - all payment and purchase transactions via mobile platforms
2. Big data – datamining and effective data “extraction“ within the CRM modules (WSEAS citation)
3. Social media still grows up.
4. Webpage optimization and optimization for mobile devices such as iPad, iPhone and Android devices, application engineering and designing and services development, that tie together big data, social media, geolocation services, crowdsourcing, and other initiatives.
5. Real-time media buying, but organizations must be particularly aware of privacy issues, including how comfortable the customers are with sharing their location data.
6. Organizations learn to better identify the marketing pivot points – Reintroduce holistic media planning, shift from 360 degree marketing to 60 degree marketing, ie. it is critical to identify the sharp touch points that actually allow marketers to connect with the consumers.
7. QR codes get real - Unfortunately, many organizations have not tapped into the tool's full potential. Too often, they send the user to a home page or the wrong landing site.
8. Reputation management - The rise of social media, including blogs and review sites, has created a need to monitor posts and gauge consumer sentiment, their attachment to brands.
9. Greenwashing subsidies - the CMOs are more and more

discovering that it is better to approach the environmental issues honestly and make genuine efforts to improve rather than to try to fool the public.

10. Intrapreneurialism grows – ie. it is necessary to set flexible innovational processes in firms and companies.

11. Measuring communication campaigns – measured data and metrics utilized are not to be an alibi but as a real view of efficiency.

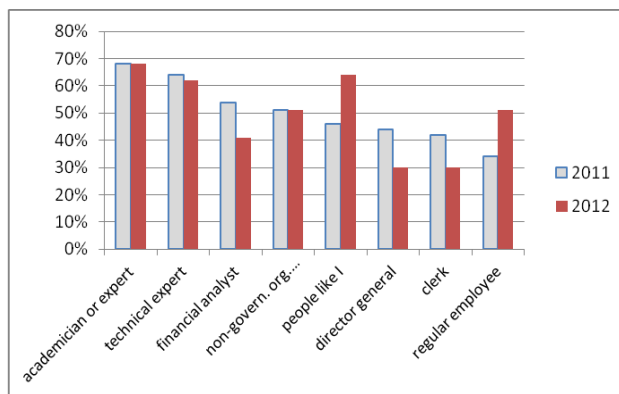
12. Content marketing – the essence is to bring valuable and interesting information that help customers and educate them instead of expensive advertising for products and services.

13. CMOs rediscover traditional media – eg. in the form of direct e-mails.

Kotler and Keller state that: “Good marketing is no accident, but a result of careful planning and execution using state-of-the-art tools and techniques. It becomes both an art and a science as marketers strive to find creative new solutions to often-complex challenges amid profound changes in the 21st century marketing environment.

Modern marketing trend is thus greater involvement of the customers into the brand activation, pressure on efficiency on-line media utilization and pressure on the price. Especially the pressure on efficiency and price reflect across the market segments.[6] Marketing tools implementation and the emphasis on their effective utilization does not apply only to commercial sector but also to service sector (in the Czech Republic partly public) – education and health that have started implementing marketing approaches only due to influence of the crisis and demographic changes. Even in the service sector the need to react to the current situation, the need of awareness of the competition and the effort of the competitive advantage have been realized. The effort to build a brand shows in both the commercial as well as non-commercial areas through modern and effective tools. The above mentioned trends are in the Czech environment being verified by the study of “Trends in the Czech marketing” („Trendy v českém marketingu“) by the Czech consultation company Idealisti in 154 specialists in the field of marketing, branding, advertising and the fields related. According to their results it is and in the near future will be put a great emphasis mainly on utilization of social networks, mobile websites and correct adjustment of content marketing. On the contrary, among the buzzwords, ie. terms that are much talked about but are less used in the reality, we can find eg. branded applications, neuromarketing, crowdfunding or 3D printing. At the time when “data extraction” and datamining (ie. the emphasis on effective work with information) comes to awareness of managers as well as into the practice more and more, the “big data” term that in overseas is listed as one of the main trends was unknown to 53 % of respondents in the Czech Republic. (Mediaguru reference)

Just as companies process large amounts of data, they also can utilize all the information to compare company offers, to form an attitude, opinion on the brand and its positioning. In their environment and in the e-environment they then search for recommendation and opinions of other customers. At the same time the pressure on credibility of the information sources increases. According to the results of Edelman Trust Barometer the trust of people in experts and academicians rose in 2012 (Europe 68 %, Czech Republic 87 %). The trust in regular employees in Europe is generally higher than in our country (Europe 51 %, Czech Republic 35 %). It is interesting that in Europe the trust in “regular” person has increased by 18 % in comparison with 2011. The most growing categories are “people like I” and the category of “regular employee”.

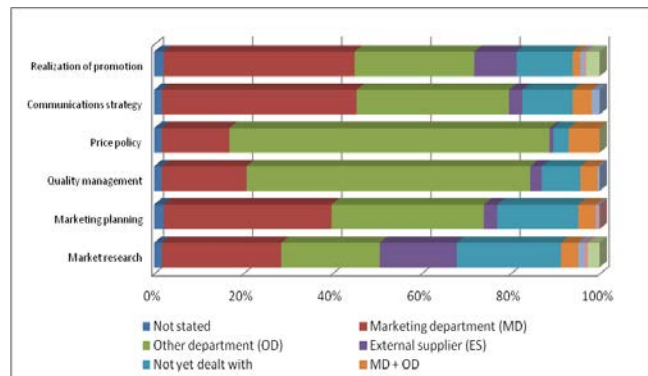


Graph 1 Trust in professional position [6]

Edelman Trust Barometer<sup>1</sup> also measured number of sources that are essential for building the trust in a company/brand. It was also found out that people need to hear/perceive a piece of information 3 – 5 times to be able to trust it. The customers in their purchase decision process very often verify their decisions with other people just because they need to obtain more sources who would confirm their decision. This leads to the change in marketing attitude for which the marketing managers should be prepared.

The global crisis leads in a number of companies and organizations to implementation of marketing departments into their corporate structures. Where marketing used to be represented by a single person, marketing departments now arise with highly defined competences. Marketing departments of 231 service companies evaluated are eg. responsible for mainly marketing planning, creating and realization of communication campaigns. Quality and price policies are often a competence of other departments. [7]

<sup>1</sup> “Edelman Trust Barometer” is a worldwide survey that determines trust of the people in firms and companies, media and NGOs. This year was the 13<sup>th</sup> year of the survey and it was performed in 28 countries of the world including an additional surveys in the Czech and Slovak Republics. “Edelman Trust Barometer” focuses mainly on monitoring opinions and approaches of a sc. informed public. The informed public is represented by people with university degrees with incomes in top quartile of their age group who watch and follow economical news or media and the public politics issues at least several time a week. The survey was carried out among 200 respondents in each country, among 500 in China and the USA.



Graph 2 Marketing activities realization in Czech service companies and firms (N=231), [7]

The majority of marketing departments in the studied companies were created in periods in which the business climate began to show a significant decline in the demand from service providers, and when the Czech economy was in recession – in 2009. However, marketing was also implemented in services in times when the service sector accelerated, especially due to an increase in the volume of banking and other quaternary services, which caused a significant increase in GVA in 2004 and 2005. That period saw an increase in the purchase power and demand for services, and service providers felt the need for a more sophisticated management of marketing activities of their companies. In sum, services are to a certain extent a stabilizing factor of the economy, even more so if they are less directly dependent on industry. Companies with an independent marketing department have better conditions for prosperity. [9]

Marketing managers are currently facing the pressure from their customers who require high level of transparency in corporate communication as well as from the side of management who emphasis the effectiveness of the utilized marketing tools.

This is accompanied by the global economic crisis and the increasing pressure on price and impact of the new media namely social networks, which marketing managers should know how to work with effectively.

According to Schumpeter, we can make a connection within the ongoing changes in the business sphere and the process of creative destruction – ie. that the companies capable of adaptation may keep, enhance and strengthen or obtain competitive advantage by an appropriate choice of a short- or long-term strategy. This paper focuses on the results of the study related to the readiness of the Czech marketing managers to face the crisis and their adaptability. Last but not least, the results outcoming from the Czech environment will be compared to the worldwide IBM study.

## 2 Methods

Together with the economic crisis, consumer purchasing behavior change as well as brand market shares; communication mix changes – and marketing managers, who are responsible for these brands activities, must react to these facts. The aim of this paper is to compare the readiness of the Czech and foreign marketing managers to current

marketing conditions at the time of global economic crisis. The results come from the published global IBM CMO Study and from the primary local survey by authors in marketing managers from companies operating in the Czech Republic. The IBM CMO Study presents the results of face-to-face interview with 1,734 CMOs, spanning 19 industries and 64 countries to find out what they are doing to help their enterprises to cope with the fundamental shifts transforming business and the world. The local survey was performed in 140 marketing managers working with companies in the Czech Republic. The survey method was a form of a structured questionnaire that was sent electronically to e-mail addresses of marketing managers.

By a “snow-ball” technique within the community websites devoted to marketing and marketing communication. The data collection were run in October – November 2012. For the local survey the same questions were used such as those that were published by the IBM CMO Study so that the level of agreement and differences in the replies of marketing managers and thus also the global and local approaches and attitudes could be compared. The testing was performed on the standard significance level. For the purpose of testing of the equality of proportions in the replies in two samples (World, Czech Republic) was used a 2-sample test for equality of proportions with a continuity correction (R Core Team, 2013). This test tests the validity of the null hypothesis that says that the population characteristics of both the sets are equal. Formally speaking, where there is a real (population) proportion of managers within the IBM who responded to a question positively and where a proportion of Czech managers who responded a question positively. The alternative hypothesis was setup as a duplex (two-sided) one. [8]

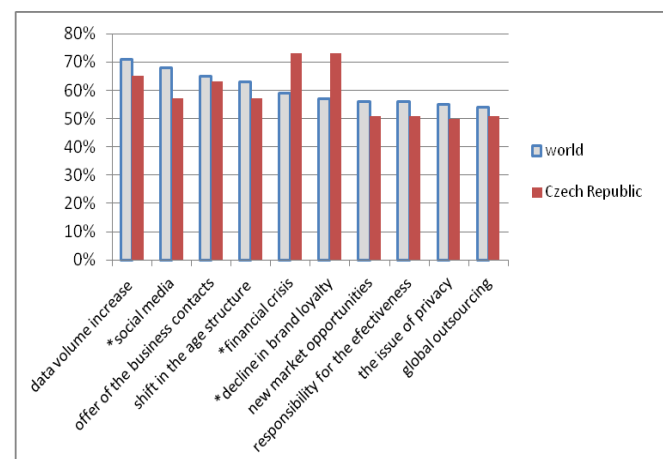
### 3 Problem Solution

The results of the survey showed that marketing managers in different segments face similar risks, similar problem and that they are not prepared for some of these problems. The IBM CMO Study based on interviews reveals that CMOs can see four of these challenges as pervasive, universal game-changers: the data explosion, social media, proliferation of channels and devices, and shifting consumer demographics. Additionally, most CMOs are struggling in one vital respect — providing the numbers that demonstrate a return on investment (ROI) for marketing. The most proactive CMOs are responding to these challenges by trying to understand individuals as well as the markets. They are focusing on relationships, not just transactions. Outperformers are also committed to developing a clear “corporate character.”

The results show that managers are not entirely prepared to take charge of the growing volume, velocity and variety of data. More than two thirds of them believe that they will need to invest in new tools and technologies and develop new strategies for managing big data. Four fifths of the respondents plan to use customer analysis, customer relationship management (CRM), social media and mobile applications more extensively over the next three to five years. Further, the increasing emphasis on demonstrating return in marketing investment will increase the need of

CMOs to quantify the value they bring to the business through the use of these tools and others.

The local survey showed that the Czech marketing managers feel that least they are prepared for the financial crisis which is to be dealt with and that leads to lowering of the costs of the marketing activities as well as the necessity to prove with specific numbers the return on marketing investment (ROI). The decline in brand loyalty is another significant threat as this has the potential to compromise the corporate prosperity. When taking the pressure on price and lowering of the financial means invested in marketing activities into consideration, this fact becomes highly unpleasant for marketing managers as increasing brand loyalty requires substantial marketing costs. The money, however, are lacked in many companies at the time of the financial crisis, or it is used for other purposes but not for marketing activities support. The Czech marketing managers can feel this problem (Confidential Interval for the Czech Republic is 56% - 73%), however, this proportion is not different from the one abroad ( $\chi^2 = 1.9592$ , p-value = 0.162). They are prepared for work with data and they are trying to utilize social media with a higher or lower level of efficiency.



Graph 3 Readiness of marketing managers to the impact of key changes. (source: [12], own processing)

The asterisk in the graph marks responds in which the proportion deviation is statistically significant.

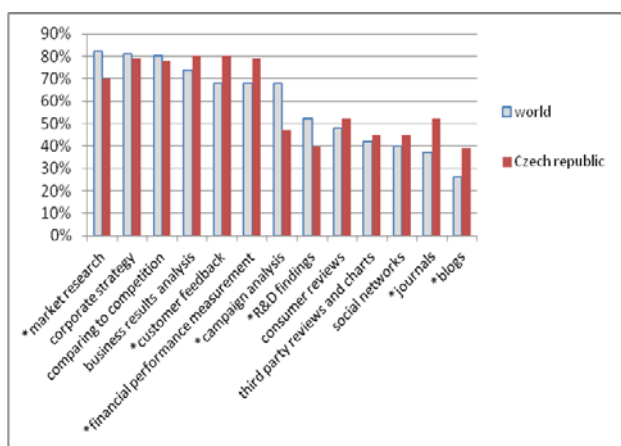
The difference in proportions was statistically proved in different attitude of the Czech marketing managers to social media ( $\chi^2 = 6.4337$ , p-value = 0.011), financial crisis ( $\chi^2 = 9.8027$ , p-value = 0.001) and to decline in brand loyalty ( $\chi^2 = 12.7785$ , p-value < 0.01).

The second tested and compared area of the survey was the approach and attitude of the managers to information sources and their utilization. The results show that as much as 80 % of the marketing directors in the world rely on traditional information sources during the strategic decision making process, ie. on market research and competitive benchmarking. 48 % of the managers innovatively monitor the consumer reviews, 26 % of them then monitors the blogs.

The obtained data are used by the managers for conducting transactions with customers, but they do not develop relationships with them.

In their decision-making processes the Czech marketing managers rely on three main sources: feedback from customers (80 %), business results analysis (80 %), and financial performance measurement (79 %). They monitor and follow reviews and comments on social networks and use the information from scientific journals (52 % of the Czech managers).

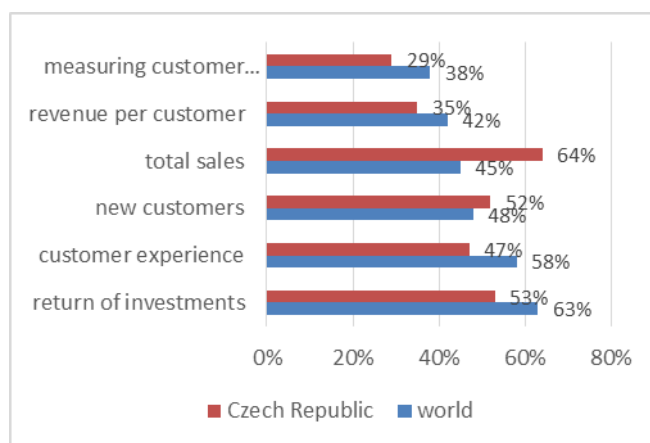
However, the marketing research environment does not remain stable. The Romanian WSEAS study from 2010 shows that: In order to gain the competitive advantage, the companies have to keep in touch with the new information technologies and change the way in which they do the market research analysis. The time of old fashion polls or promotional brochures placed in our mailbox has passed. Now, the online polls, online advertising, complex GIS tools and other statistical analysis placed together in an online information system are the key to success in business. Not only the big companies can afford to use the new information technologies, but small and medium companies can also benefit from their advantages by using the proposed technologies which are viable and low cost tools. [10]



Graph 4 Sources used in strategic decision-making (source: [12]) The asterisk in the graph marks responds in which the proportion deviation is statistically significant.

Similarly to the Czech Republic, even the foreign companies and businesses apparently have the tendency to focus on relationships (only in 40% of the managers in reaching the corporate prosperity). Most of the marketing directors devote their attention to markets rather than to people. They do not realize the fact that the highest corporate capital are the people who create the corporate value. Strategic management of a business is one of the managerial missions. Every person has their one idea of management of a business and it is a general rule that a business resembles the one who stays in her lead. An American author of publications for managers Geoffrey James published results of a research within which he was searching for the basic principals of management exercised by CEOs of successful businesses and companies. He came with definitions of eight key rules: [13]

1. Business is not a battle with the competition but a partnership with the customers, suppliers, as well as with the competition.
2. A company is a community of people who may have a common goal. A company is not a machine in which each employee becomes a mere wheel grinder; it is a community of people with similar dreams and ideals.
3. Management is service, setting of the direction of development, providing sources, means, motivation to people; it is not control of fulfilment of orders.
4. Employees are peers; each employee has their importance and value for the company. Successful managers approach their employees with esteem and consciousness of their importance for corporate prosperity.
5. Effective management is about motivation, inspiration, and about people who see a better future and try to create this better future. Motivation comes from vision, not from fear of getting a sack.
6. Change is an inevitable part of business, it is a necessity, not fear or obstacle. Success can be achieved only when the whole company understands and accepts new thoughts.
7. Technology is a way how to free people from routine work and release their creativity and potential.
8. Work should bring joy and satisfaction. The most important task of managers is to help people to work for the company with the feeling that their work has sense, and to feel the joy of being a part of the whole.



Graph 5 Methods for determining marketing success source: [12]

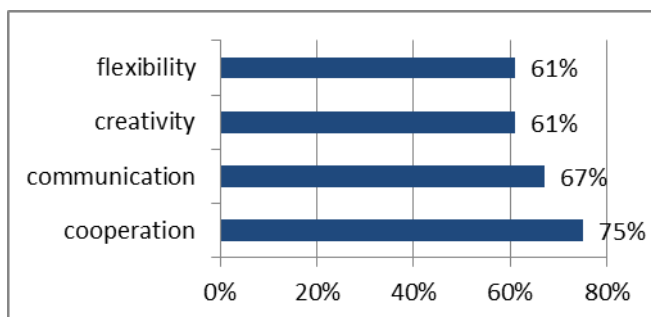
Marketing directors often face pressure of submitting quantifiable evidence of how marketing costs help to fulfil corporate goals. They feel the responsibility for the costs and they realize that their responsibility will be even higher in the future. According to the study, 63 % of the managers assume that return of marketing investment (Return of Investment) will in the next five years be the most important measure for success. At the same time most of them do not



feel sufficiently ready to manage this requirement. The reason for this is the fact the marketing directors do not influence creation of marketing mix in such an extent they would need. They exert their influence in promotion, presentation, commercial campaigns, however, they only play a supporting role in decision-making about the remaining three parts of marketing mix – deciding on the product, price and place of sale.

Marketing managers realize the fact that the success of their work is based especially on analytical work and technology, but they also feel that they would need much more “freedom” in making creative campaigns which under current conditions may bring brand differentiation from the competition and create a strong brand.

What properties are appreciated by the CEOs? General directors of companies and businesses most appreciate cooperation, communication, creativity and flexibility. These properties are considered key factors for successful cooperation. It is also reflected in personal management that aspires to recruit such workers who are able and willing to fulfill these properties and expectations. Companies help their employees in the interpersonal skills, be it by support of unconventional teams, by implementation of free business elements into practice, by methods of experiential learning and by enhancing informal relationships which today are of some added value. For the top managers, partnership and reliable approach to cooperation become the highest priority. This has been shown by IBM CEO Study that was examining 1700 general directors in 64 countries. [13]



Graph 6 Interpersonal skills most praised in CEOs (n = 1700), source: [12]

For the CEOs, the key factors for development of a business are the technologies that according to their evaluation have a significant effect on the corporate prosperity. At the same time the CEOs are aware of the necessity of deeper knowledge about their customers, not just knowledge gained from corporate information systems as “hard data”, but mainly deeper insight into consumer behaviour, manners and decision-making. They realize the need of analysis that would capture data monitored on cell phones and by online marketing and on social media. The ability to increase corporate values on the basis of data significantly correlates with the performance of the business. However, creativity is considered merely as a less important part of a business management. Rasouljan and Hooshyar show that creativity is considered to be “the ability to bring in new appropriate

and relevant ideas through imagination and intuition. Innovation is the process of operationalizing the new idea. There are various processes associated with the process of creating new ideas, like brainstorming, lateral thinking etc. The ideas created by these methodologies can be harnessed through proper and appropriate knowledge management systems.” [11]

## 4 Conclusion

Marketing is a combination of art and science. As other areas, also marketing is undergoing changes that must be addressed and reflected to. Marketing managers are in not easy positions, they are forced to be creative (art) but to work analytically (science). To be able to fulfill the marketing goals of their companies and firms, they must utilize the opportunity brought by the change and transform, innovate their marketing activities. The IBM Study and the comparison of the Czech marketing environment brought summary, recommendation that might increase marketing successes and efficiency to marketing managers.

1. The marketing strategy must focus on creating values for individual customers. The individual approach to customers, respecting their purchase behavior, habits and needs is the key thing for long-term customer satisfaction which then may lead to long-term brand prosperity. It is essential to analyze the corporate data – not only the business data, the sales and profits per customer; but to analyze also the channels of digital communication, get the access to customer opinions and use the modern analytical tools to determine preferences and trends in different areas. The need for utilization of privacy tools for customer data is related.

2. It is necessary to build a long-term relationship with a customer. To create and enhance the dialogue with the customer via the channels of digital communication, direct communication, social media; to forge new relationships and these to keep with open and transparent approach in the communication. To define and present the qualities of the product or brand which are unique advantage and are of a high value to customers. In terms of marketing communication it is necessary to link the internal and external image of the company, to involve all employees in new image-building process and to motivate them towards a responsible approach to the brand they all represent.

3. Measuring of marketing activities is essential for effective management decisions, as well as to use analytical tools and relevant measurement for enhancing decision-making processes within the corporate and marketing strategies; to adapt the composition of teams onto the changing market conditions; to continuously expand skills and abilities of people through education, modern technology as well as personal growth, which is very often the condition for responsible attitude to life and business.

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