

Marketing and Communications Tools in Service Sector in Times of Crisis

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Abstract – The aim of this article is to demonstrate the correlation of changes in economic performance of the Czech Republic in 21st century with respect to company's marketing and communications activities, especially in the area of services. Based on the original research carried out by the authors at 231 service providers and results of conjunctural research and ad hoc studies, this article reveals the intensity and time delay in reactions of the service sector to the recession in the process industry as well as the level of implementation of marketing services in the time of the world economic crisis. It also points out the trends in marketing communications that react to decreased citizens' purchasing power on one hand and lower marketing budgets on the other. The final part provides space for deduction regarding the possibilities of development and limits, barriers to effective application of marketing and marketing communications (not only) in services.

Key-Words - economic crisis, implementation, marketing, marketing communications, sector, services.

I. INTRODUCTION

THE importance of services (as opposed to goods production) for the prosperity of the country was rather disregarded and ignored in the past. The proponent of classical economics Adam Smith (1723-1790) "considered goods producing work as productive, as it was possible to store the goods for the next season. The goods thus turned to capital or wage fund, enabling to employ further workers. Services, by contrast, were unproductive, because they could not produce stock. Services were consumed immediately and thus were incapable of accumulation." Increasing the unproductive work of services at the cost of the productive work of goods production would, according to this line of reasoning, decrease the country's potential for growth. [1]

A similar role was attributed to services by the centrally planned economy. It was particularly in the second half of 20th century that the tertiary sector was dramatically underestimated. In the West, meanwhile, services became an important element in the development of business on national and international levels. Compared with the dynamics of world goods trade, services achieve higher year-over-year growth and their share in the global trade turnover keeps increasing.

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The explanation can be found in the increasing importance of services in developed economies and in the liberalization of international service trade. Also, the structure of Czech economy changed between 1989 and 2001. According to the data of the Czech Statistical Office (CSO) the tertiary sector share of GNP increased from 38 to 55.9 per cent and it came close to 60 per cent in 2004.

The division of economy into the primary, secondary and tertiary sectors is determined by the character of the activities and the resulting products as well as by the degree of the economic development. The economic development changes the GDP share of the individual sectors. The level of Czech economy, measured by the GDP, is such that the share of the secondary sector is above the reference line of the developed economies and the level of the service providing (tertiary) sector is, by contrast, below the line, even though it is gaining importance. [2]

After overcoming a period of stagnation in the late 1990s, the development of Czech economy was positive in the new millennium, with the peak of the economic cycle in 2006. According to the Czech Statistical Office data, the GDP share of the tertiary sector increased from 38 to 55.9% in 1989 – 2001. It was mainly at the cost of the primary sector (agriculture and mining), which dropped from 15 to 6.9%, and the secondary sector (industry, energetics, construction), dropping from 47 to 37.2%. In the next six years, the sales in services increased by nearly 54%. Retaining a comparable price level (prices from 2000), sales would increase by 30.4%, the slowest year over year growth being in 2004. From the perspective of the branch structure of growth, the dynamics of the industrial sector was crucial. Industry and services contributed equally 4.4% to the average yearly increment of the total gross value added (GVA) in 2000 – 2008. Industry contributed to the value added with lower weight and stronger dynamics, while with services it was the opposite. The acceleration of GVA by more than 2 percentage points in 2005, as compared to 2004, was mainly determined by the service sector. In contrast, it was industry that influenced the year over year growth by 0.6 percentage points in 2006. Gradual weakening of Czech economy began in 2007. The most significant drop in GDP in comparison to the previous quarter was in the first trimester of 2009 – by 3.8%. In the year over year representation, the fall of the overall performance of Czech economy reached its bottom in the 2nd quarter of 2009, mainly as a result of the fall in value added in the processing industry. The service sector saw an 0.1 per cent fall in the sales in constant prices in 2009. The fall mainly affected segments connected with industrial demand, particularly transport, the use of external services (architectural, legal, bookkeeping and other). [3, 4]

The intensity and delay of the reaction to the recession in the processing industry varied, as shown by diagram 1 and

an analysis showing the behavior of selected services (according to NACE H, I, J, L, M, N)¹ in the crisis period between 2008 and 2009.

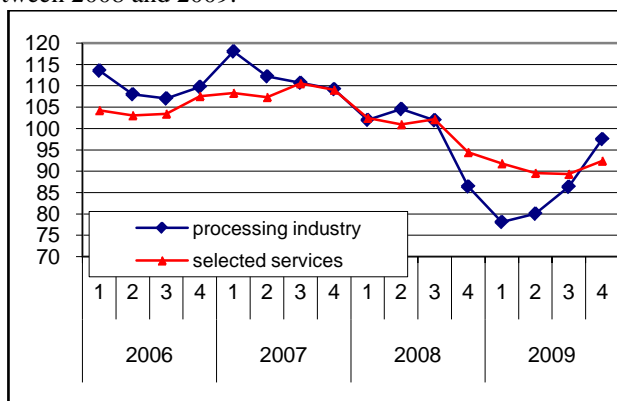


Fig. 1 Processing industry and selected services (year over year changes in %, constant prices) [2]

Initial signs of recession, even before the decline in the secondary sector, were noted in Realities (NACE – section L), recession in transportation developed simultaneously with industry (NACE – section H), sales in section Information and communication activities (NACE J) and section Professional activities (NACE M) began to fall with delay, as expected, only in 2009, and in Administrative activities (NACE N) in the last quarter of 2008. Administrative and professional activities showed the greatest flexibility in their reaction to the development of the processing industry. In reaction to the job market, decline in the demand for unemployment office services occurred (year over year by more than 40%). [2]

It can be concluded that the **withdrawal trend of the primary and secondary sectors and the share increase of the service sector were enhanced by the economic recession due to a relatively lower sensitivity of the service sector to the development of the economic cycle.** Another fact that plays a further role in the Czech Republic is that the industrial branches are particularly dependent on export, i.e., foreign demand, which declined in 2009. On the other hand, the restructuring of the GDP shares of the individual fields of services occurred. [3]

The „insensitivity“ of the service sector to the impact of crises, that is, the longer delay in the perception of their symptoms in service providing companies, is also supported by the respondents’ reactions in the conjunctural measurement of Business environment and economic growth in CR. „If optimism in industry during boom years is shown by the fact that a third of companies perceived no limits to growth, then there were about 75 – 85% of such trouble-free companies in services in 2005. Two thirds of

¹ **Section H** includes Transport and stocks, paragraphs 49-53; **section I** Accommodation, boarding and catering, paragraphs 55-56; **section J** Information and communication activities, paragraphs 58-63; **section L** Realities; **section M** Professional, scientific and technological activities, paragraphs 69-71 and 73-74; and finally **section N** Administrative and supporting activities, paragraphs 77-82. (For more detailed definitions see: The Classification of Economic Activities CZ-NACE on Czech Statistical Office website)

companies still perceived no barriers to growth in the service sector from mid-2006 to October 2008.“ Then, low demand for services set in due to the acceleration of value from January 2005, when low demand was seen as a problem only by 1.8% of companies, while in 2009 it was 27% of respondents who considered low demand as a limiting factor. The pressure in services job market began to relieve from mid-2008 – only 1.5% of companies stated they had a lack of staff in October 2009, while in April 2008 it was nearly 8%. In contrast, financing problems did not escalate, like in industry. Some worsening occurred, as in January 2008, for instance, financing was seen as a problem by 1.7% of respondents, while in October 2009 it was 3.5%. Between 2007 and 2008 the lowest number of respondents stated the problem of the availability of financial resources as a limiting factor of the company development in service sector in CR. [5]

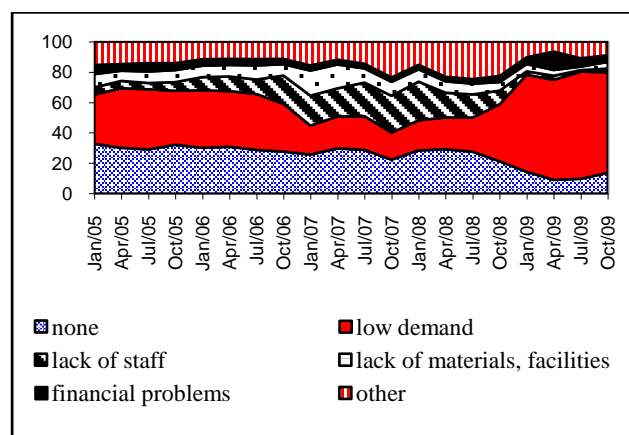


Fig. 2 Barriers in growth in industry [5]

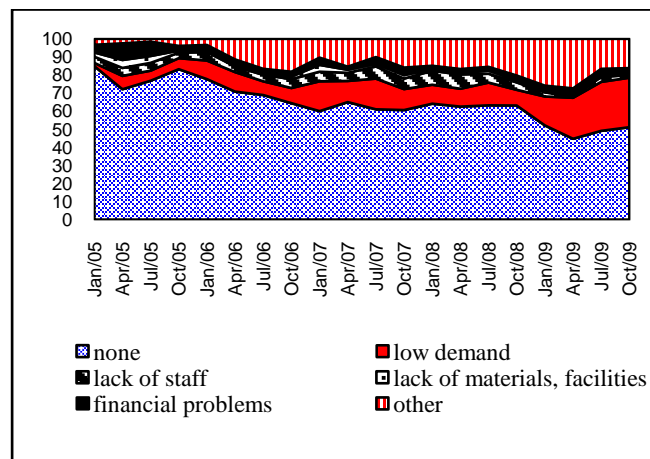


Fig. 3 Barriers in growth in services [5]

Up-to-date results of the study „B2B monitor“ from the spring of 2012 (conducted semi-annually via standardized interviews with the minimum of 300 business and marketing managers of companies in the Business to Business sector) show that there has been a year over year decline in the „Optimism Index“ as compared to the spring of 2011, particularly by 10% on average. The most important decline in optimism was noted in construction companies (18%), chemical and machine industry as well as transportation companies. Such decline was probably caused by the

increase of VAT and state intervention related to the pension reforms. [6]

The above facts show that the service sector is sensitive to the changes in economic, legislative, and particularly business environment, as it dramatically responds to changes especially in branches related to processing industry and the quaternary sector (named according to Foote and Hatt), in which key role is played by processes and process management. In small and medium sized companies it is frequently the marketing department that is in charge of process management. [7]

Marketing is considered by many authors (according to published scholarly monographs) to be the company function that attempts to find balance between meeting customers' demands, the economic stability and prosperity of the company and recently also the social responsibility of the company. It thus responds to the influences of economic, legislative, demographic and cultural environment of the company, adjusts the structure and intensity of the employment of marketing tools, and attempts (especially in services) to balance the fluctuations between supply and demand. [8,9]

Nine roles of marketing in the recession might be summarized as follows [10,11,12,13]

1. To devise new strategies and tactics to help sell off swollen inventories so that industry may resume fuller production and rehire the unemployed.

2. To assert more strongly its role within the councils of the firm so that decision-making control, under the duress of economic adversity, is not seized even more by the financial function to the detriment of aggressive marketing.

3. To continue to invest in new product development, advertising, and sales promotion so as to reap the disproportionate rewards that will come when the recession ends.

4. To use the marketing intelligence function even more to understand consumer attitudes and behavior as a foundation for product policies.

5. To continue to recognize the contribution the firm must make to the welfare of the larger society: today's altruism is tomorrow's self-interest.

6. To become even more inventive in creating customer benefits and making end runs around consumer resistances.

7. To recognize and educate others in the firm to recognize that the tasks of marketing are becoming crucial during the recession.

8. To develop integrated marketing plans.

9. To apply the marketing concept rather than pay lip service to it.

II. PROBLEM FORMULATION

The current economic crisis affects all aspects of company life, not only the economic performance of the company, but also its strategic management. With that comes the higher or lower rate of implementation of marketing management in the management of the company, both in the primary and secondary sectors and in the service sector. Companies and organizations realize the importance of marketing management for the company prosperity, competitive advantages and long-term sustainability on the

market. That is why they include marketing departments, sections or positions in the organization structure of the companies. Searching for relations among economic crisis, its impact on the service sector and intensity of marketing and communications activities is the main objective of this article.

The scientific problem: there is a time disproportion between the establishment of companies and organizations and the implementation of marketing departments and sections in the organization structure of the companies and organizations. Companies start marketing departments some time after the establishment of the company, often as a result of the reaction to lower economic performance and prosperity, under the influence of crisis management and the loss of market position.

The goal of the study: to measure by means of a marketing research to what extent the economic crisis influences the marketing management in the management of companies and the rate of implementation of marketing sections and departments in the organization structure of companies. Another objective is to identify the involvement level of individual communications tools and rules for effective communication of services at the time of opposing tendencies: customization of clients' needs and pressure on decreasing marketing budgets.

Methodology: primary marketing research, quantitative research, standardized interviews with a sample of 231 companies operating in services, analysis of data, searching for connections among the measured criteria, induction of findings, research of primary and secondary sources.

III. PROBLEM SOLUTION

The aim of the research conducted by the authors of this study was to find the rate of marketing implementation in Czech service providing companies, the scope and volume of the employed marketing communications activities, the application of strategic analyses and individual marketing tools. The survey was conducted using face to face interviews with the (marketing) managers of firms using structured questionnaire developed in February – May, 2011 in 231 service providing companies. The data were analyzed using SPSS program. One of the researched areas was the relation between economic changes and the introduction of marketing department or the establishment of a position in charge of marketing in such companies. Another researched problem was to set up communications tools and respect the rules for effective communications in services.

Marketing (Departments) in Service Sector in Crisis.

The results of the research suggest that a marketing department or section (possibly a position in charge of the company marketing) was established in 132 out of 231 service providers, which is 57.14%. In the organization structure of companies, marketing is most frequently represented by the services in which key role is played by processes (that is in the quaternary sector according to Foote and Hatt) - 61.9%; by the services emphasizing the tangible elements of the service (tertiary sector) - 57.89%; and the lowest representation – 43.75% - is in quinary sector (emphasizing the quality of staff and consultancy). [7] If we

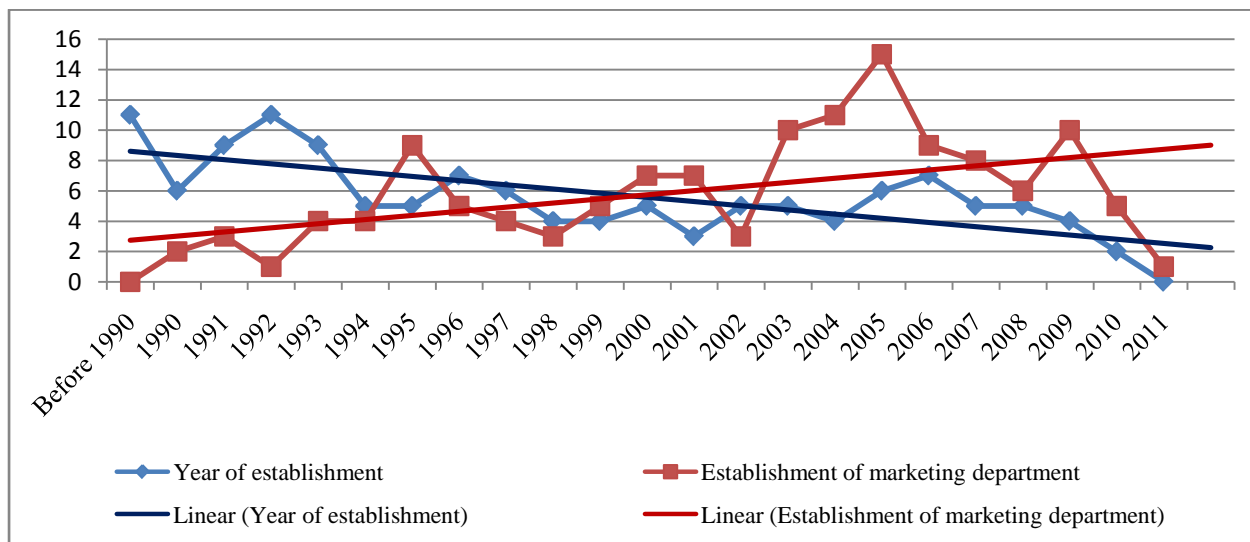


Fig. 4 Frequency of established companies and marketing departments (N=132)

exclude from the analysis those companies that emerged before 2008, we can compare the rate of implementation in services with a similar research in industrial companies conducted with 220 production (mainly machine-producing) companies in the GAČR project². Marketing in services was implemented in 77 out of 120 companies established by 2008, which is in 64% of service providers as opposed to 48% of industrial companies. The years 2000-2002 represent a boom in the establishment of independent marketing departments in the studied industrial companies. The authors did not find an explanation of such dynamic growth (as high as 13% per year) of marketing departments. [14]

The trend in the emergence of marketing departments in services is not completely clear. While the linear regression of data shows an increasing tendency in time, data from individual years show uneven distribution of the increment. The majority of service providers founded a marketing department in two phases: between 2003 and 2005 and in 2009. However, the greatest boom of the emergence of the studied service providers (regardless of the existence of the marketing department) had occurred by 2000.

In 48 service providers, the marketing department was established with the start of the company (that is, 36% out of those who have a marketing department). In 31 cases it was a company from the quaternary sector. In other service providing companies, the marketing department was founded later – in 5 years with 81 (61%) companies, in 6-10 years with 23 (17%) companies, in more than 10 years with the remaining 28 companies (in half the cases it was organizations founded before 1989). The results show that a marketing conception (represented by the creation of an independent marketing department) was adopted by companies with a delay after 1989 – on average it was 4 years after the establishment of the company. According to a partial report of the research [14, 15], it is mainly large

production companies that have an independent marketing department, while only a quarter of small and medium-sized companies and a third of service providing companies do.

The research results show that the level of marketing implementation depends on the company's size which means that the bigger the company, the more consistently does the marketing (or another) department realize its marketing activities. On the contrary, in small and middle-sized companies, marketing remains in the competence of company management (or the owner) which deals with marketing rather intuitively. The structure of responsibility for realizing marketing activities is illustrated in the following Figure.

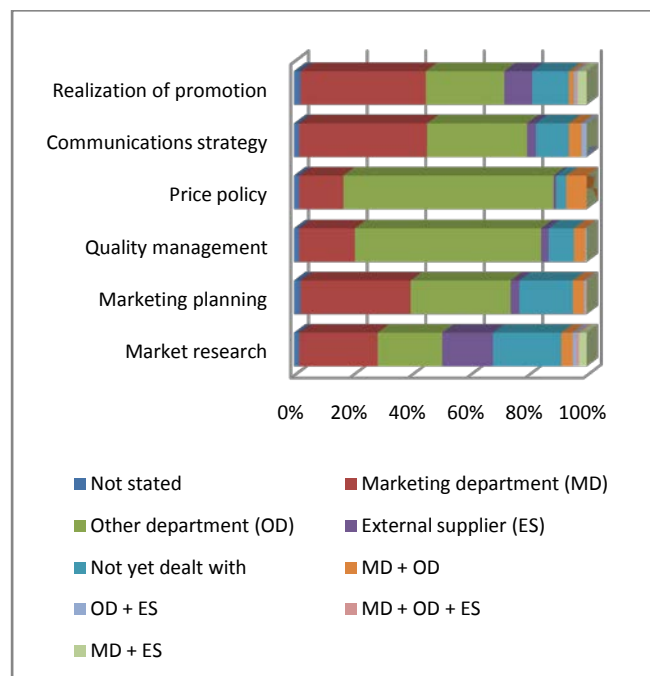


Fig. 5 Realization of marketing activities in Czech services companies (N = 231)

² Note: **The structure of the respondents of the GAČR project was as follows:** 42% of machine producing companies, 32% of consumer industry companies, 26% of electronics. The structure according to size: 53% of small companies with 11-50 employees, 34% of medium sized companies with 51-250 employees and 13% of large companies with over 251 employees.

campaigns, meanwhile quality and price policies remain in the competence of other departments. Market research has not been yet carried out at more than 20% companies, particularly smaller ones. Of those which proceeded with the research, one third opted for outsourcing of these services and one third dealt with it within the competences of the marketing department.

The original study carried out by the authors looked, among others, into analytical tools used not only within strategic planning but also with respect to tactical decision-making in services. The goal-setting principles and choices of competitive advantage are of similar character regarding both services and production markets. What is far more enforced here, however, is the demand for timely, better and more complex satisfaction of customer's expectations. At the same time, it is essential to consider many facts which bring the realization of marketing strategies closer to individual needs:

- What and why customers expect, what role play their social, cultural and national differences,
- What opportunities and threats must customers take into account regarding employees of a service company,
- How customers are able to perceive a new added value,
- How they are able to perceive the fact that in the area of services the price is primarily dependent on the quality of services. [15]

The Figure below suggests that sophisticated analyses (product portfolios, their market position and segmentation maps when setting market targets) in companies providing services (particularly smaller ones) are not realized. On the other hand, the most frequent is operative use of client database, identification of clients' satisfaction and application of analytical tools for the breakdown of marketing environment influences – a SWOT analysis (internal Strengths and Weaknesses + external Opportunities and Threats).

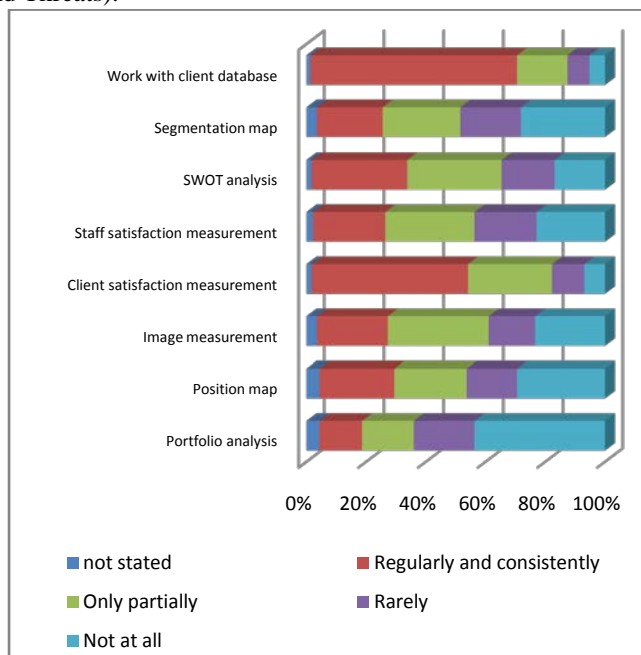


Fig. 6 Analytical Marketing Tools Usage Frequency (N=231)

It is only regular and consistent evaluation of environment factors, market tendencies, competition and market potential that may bring data for strategic planning and consequent effectiveness of investments for the successful development of the company. [16]

Certainly, it is not the formal inclusion of the marketing department, but its function and flexibility that matter. A detailed study of the changes in marketing strategies of companies in the economic crisis was carried out at Yale, where 200 members of Istanbul Chamber of Commerce and Istanbul Chamber of Industry in Turkey were studied. The respondents were small and medium sized firms and they were selected from different industries to make generalizations, but the published results do not contain classification according to the branches.

The main conclusions can be summarized as follows. Most Turkish firms have:

- empowered sales people and increased public relationship,
- innovated their production facilities and methods,
- not increased their production capacity,
- entered new market segments,
- increased their research activities and spendings during economic recession. [17]

Those facts were also shown by the results of B2B studies: "B2B monitor" in the Czech Republic (in which 325 companies operating in Czech B2B segment took part in the fall of 2011) and also a qualitative research conducted in 27 B2B firms in Romania [6,18]. According to the findings, investment in marketing budgets during the economic crisis paid off. 69% of the companies saw turnover growth leading to an increase in the volume of finance. In contrast, companies that cut the marketing activities budget saw an increase in turnover only in 43%. Besides the increase in budget, the placement of investment is a crucial factor. Generally speaking, **quality marketing plays a key role in the economic results of companies and its importance increases in crisis times**. Over 90% of B2B companies that invested in marketing believe it was the right decision. It is a shame that almost a half of the addressed companies cut the marketing budget during the crisis. Marketing and business directors now admit that cutting the marketing budget during the crisis was wrong. Only 46% of directors consider the decision right, other find it wrong or cannot decide. Thus, the importance of quality marketing in the strategic planning of local companies is increasing. Similarly, all Romanian respondents in 2009 said that due to the crisis they had to amend the budget, 15 of them opting to decrease it. Only two companies sustained an increase in the budget for marketing activities in anticipation of attracting an additional number of customers, leading to increases of up to 20 % when compared to 2008. The explanation for decisions on the marketing budget may start from the changes in turnover and number of employees. A half of the companies in the research have introduced new products on the market. [18]

The results of the original research of the authors of this study, the studies of industrial companies as well as B2B agree that the willingness of the management to manage the company according to a marketing conception is essential for an efficient use of marketing in the company. This

includes the clear setting of measurable goals and performance indicators, the qualifications of employees, the definition of their competencies as well as the support of all departments in the implementation of marketing activities and strategic and tactical management of the budget respecting the needs of the market and the possibilities of the company. The respondents from production companies stated the following barriers of the effective application of marketing in the company: “The lack of human resources, work not being the employees’ hobby, insufficient knowledge of the products, a low level of data work automation, bad organization of marketing activities, insufficient exchange of information and its interconnectedness, narrow range of customers.” [15]

Marketing implementation and setting up effective marketing tools is in the current competitive environment significant not only for commercial services but also for education and health care which have in the Czech Republic primarily the character of a public service. For example a school, an institution providing services for the general public, is nowadays confronted with marketing approach and at the time of social crisis and growth of competition needs to flexibly react to this situation.

The increase in number of schools which we have recently witnessed, when in the education market there are not only public and state schools but also church and private ones, leads schools to take measures ensuring their survival as well as improvement of quality. The changes resulting from social development have an impact also on the education environment which has to react adequately should it want to remain competitive. Marketing of education institutions is a mix of theory and practice of marketing of services and marketing of non-profit organizations. Therefore, a successful marketing approach in education environment is based on the satisfaction of needs, wishes and expectations of both internal (education) and external participants. [19, 20]

Marketing Communications in Crisis

Marketing communication will not represent only an auxiliary tool in service organizations management, but on the contrary, it will represent a tool of strategic importance. Among the basic goals in the area of marketing communications of service companies belong to:

- Maintain and improve the company’s image,
- Gain loyalty and support of customers,
- Address new client,
- Provide information on the company’s provided services,
- Create an image of “an attractive employer”,
- Clarify inaccurate and incomplete information about the company,
- Satisfy information needs of staff and public. [9]

To achieve the aforementioned objectives, companies use tools of personal and impersonal communications, most of which may be effectively managed and controlled. Here belong communications with prospective and existing clients or employees through the predetermined components of communications mix. On the other hand, there are communications channels operating among clients, expert or

general public, partners – i.e. in the company’s microenvironment as so-called word-of-mouth influences (viral, referential influences) – and these are impossible for the company to manage and control sufficiently. “Word-of-mouth” communications do not develop in isolation and in random. They are based on long-term clients’ experience and behaviour. Their word-of-mouth communications result from the value and character of experienced business meetings with the service provider, as well as from their psychological (dis)comfort within the time the service is provided.

The intensity and polarity of viral communications then depend on how strong the relationship between the provider and the client is. Viral (word-of-mouth) communications play a major role in so-called “communications cycle”, comprising of four stages. At the beginning, current and prospective clients develop certain requirements, certain “expectations” and at the moment they decide to purchase the service, they enter so-called consumer stage. They experience “interaction” with the service provider – i.e. receive the provided service at specific technical and functional quality. This interaction usually involves a significant amount of “moments of truth” and “moments of opportunity” how to gain but also deter customers. At that given moment the customer is subject to the company’s influence and message in the area of interactive marketing, creates an opinion regarding the company’s trustworthiness, attitude towards clients etc. – the customer creates “an experience” which is then spread word-of-mouth. If the customer’s experience is positive and his/her expectations develop favourably, then h/she tends to purchase the service again and the communication cycle repeats. [8]

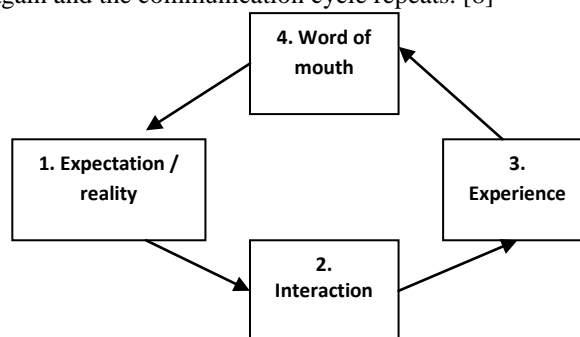


Fig. 7 Communications cycle [8]

The multiplication effect of viral communications is subject to the business area and situation. Generally it is said that a dissatisfied customer shares negative references with three to thirty people. In the service sector where customers often depend on references and where research shows that “a client shares negative references with 12 other prospective customers” [8] and new technologies increase the number of them, it is essential to eliminate negative consequences.

Service company marketers should therefore stimulate positive image creation in several steps:

- Identify influenceable people and groups and pay special attention and time to them,
- Identify and focus on opinion leaders, inform them and cooperate with them,
- Work with public opinion leaders as well as with community representatives,

- Form reference sources not only by press releases and advertising,
- Develop communication on high “conversational” level. [9]

Marketing communications of services have their specifics resulting from the character of services. The major characteristics of a service is its intangibility, heterogeneity (variability), indivisibility and inseparability from the provider, impossibility to own a service etc. The level of the aforementioned features limits the advertising impact of service providers. Marketers’ experience shows, however, that these features may be taken into account and used for the company’s benefit, in case the communication “principles” are observed. The principles of effective communication of services include the following recommendations:

1) *Materialize services*

- a) *Use material motives* – e.g. photographs of office interior, hotel equipment or corporate-style dressed employees
- b) *Through visual and/or audio symbols* – directly in the elements of corporate design, e.g. in a logo or (audio) visual presentation
- c) *Personality* – again, here are several possibilities that may be applied:
 - i) Present a famous person from the area of show business, sport or a well-known expert who guarantees the level of a specific service as well as the company’s operations
 - ii) A typical representative of a target group who provides the trust that the given company provides “tailored” services for this target group.

2) *Use clear, for the target group understandable communication of benefits in “their” language.* In services, it is extremely important to be able to explain the service to customers since we usually cannot present and show this service materially. This explaining needs to have suitably selected terminology, language, or ethnological, age or professional slang.

3) *Emphasize the service benefits customers may enjoy rather than professional details.* The advantages customers are looking for must be predetermined by marketing research – this way it is possible to avoid negative references, as mentioned in the part on “communication cycle”.

4) *Promise only what can be fulfilled or delivered.* Promised benefits should not cause unreal expectations and exceed the company’s capacities. It is necessary to keep the promoted promises as the opposed situation may cause an irreversible loss in image (see “communication cycle”). From this reason it is essential to look for methods of process management and standardization which will ensure at least a minimal consistent level of performance. More suitable is to ensure and promise a lower standard which, if exceeded, makes customers pleasantly surprised.

5) *Motivate staff: a convinced employee = a convinced customer.* Internal communication has two main advantages. On one hand it informs employees about behaviour standards, quality and company

promises to customers and on the other enables each and every employee to take part in the level of provided services. The objective of communication thus should be a stimulation of higher staff performance and more positive references about the company they work in.

6) *Spread references.* The company’s promotion activities should aim to: convince satisfied customers to tell their friends and relatives about their positive experience. Customers should be provided with promotion materials (leaflets), promotion articles (calendars, business cards) or samples (of shampoos used in the given hair-saloon) which they could hand on and follow the above mentioned principles for image building.

7) *Create continuity and consistency in internal and external communications.* In order to differentiate the services from competitors, it is vital to use consistent and permanent symbols, formats, themes and communication atmosphere (emphasize stable values such as success, progressivity, position, prestige, importance, friendship etc.).

8) *Eliminate risks perceived by customers connected with the purchase of the service.* Anticipation or a marketing research is good methods how to decrease such risks and identify customers’ prejudices – whether the hesitation to buy results from the financial point of view or whether the organization (e.g. a bank) seems to be unstable and untrustworthy for the customer. All these prejudices have to be minimized by open communication and a quality PR strategy or solved by tools of crisis communication.

A partial goal of the authors’ original research was to find out to what extent service providers respect the mentioned principles and use possibilities to improve communication.

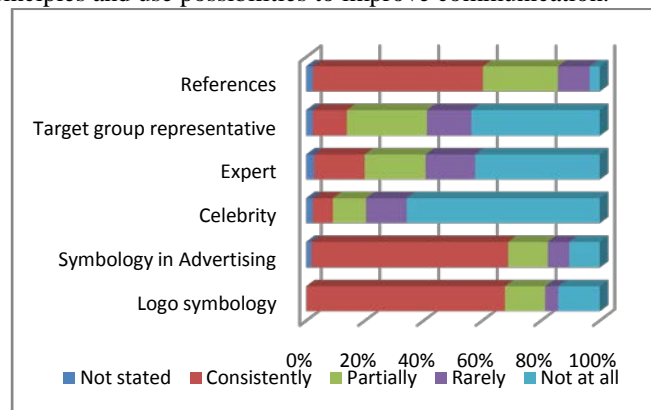


Fig. 7 Marketing communications in services (N = 231)

The Figure clearly demonstrates that companies most frequently use symbology in logo and advertising to materialize the quality of their services, simplify orientation in competitive advantages and eliminate the risks of purchase perceived by customers. Only large companies employ a celebrity or an expert to promote their services as this method is financially demanding. The high costs also affect the frequency and intensity of their appearance in media as the effectiveness and efficiency of all marketing and communication activities is today much more important than ever before.

A research conducted at the Faculty of Management and Economics showed that many healthcare organizations realize the importance of marketing communications for management. Hospitals are more prudent and careful both in the selection of communication media, and outsourcing of marketing communications activities (because they are not the founders and have to justify all expenses to their founders). When selecting particular communication media, 48% of hospital representatives say that they carefully consider pre-defined criteria and their impacts on the target groups and select the particular media based on that, while only 27% of respondents from private healthcare organizations responded in the same way. Regarding communication tools efficiency, we can again see a lack of financial resources to be spent on marketing. 50% of hospitals and 43% of private healthcare organizations conduct their own questionnaire surveys, by means of which they assess the efficiency of communication campaigns. Furthermore, 45% of hospitals and 45% of private healthcare organizations consider the process of evaluation of communication campaigns as a loss of money. [21]

As regards the use of the internet and modern media for marketing communications, the assumption of their growing importance and of healthcare institutions realizing their importance was confirmed. 100% of hospitals and 94% of private healthcare organizations have their web sites and communicate with the target groups through them.

. Current economic situation predetermines a change in employing individual communication tools. Due to decreasing marketing budgets, cost effective word-of-mouth communications and other new techniques – trends (e.g. guerilla marketing, buzz marketing etc.) are highly encouraged. This is not marketing in the right sense of the word; it is rather a kind of marketing communications, their specific form. Horňák [22] defines guerilla marketing as a kind of marketing communications where a product is introduced to clients in connection with a shock which may be caused by its content or form of presentation. This method parasitizes on the product or on the brand of another, often competing product. Guerilla marketing is very often not only on the edge of ethics but also the law.

Viral and buzz marketing activities aim to attract recipients so much by their content and original form that they then spread the word among their friends for free. These methods are as efficient and cheap as guerilla marketing and sometimes they even interconnect since guerilla contents often spread in similar ways, e.g. orally (buzz marketing). Internet became an opportunity for easy propagation because it makes the “viral way” easier thanks to e-mails, social networks, blogs, communities etc.

Current pressure on finance as well as creating efficient relationships with customers lead to new media being introduced also to traditional environment of communication tools in form of mobile marketing that enables interactive feedback and more efficient impact on target groups through databases of mobile operators and/or companies.

The aforementioned “new approaches” are again applied not only in the sphere of commercial products and services but also in education, where we can mention, for example, fast and enhanced communication through ICQ. In this case

we can easily show the current possibilities of communication. Communication in the ICQ environment can take place in the following ways: Communication between two participants in on-line mode (instantly), voice communication - ICQ Phone, simple video call - Video Post. Similar communication methods are now provided also by other systems, namely Skype or Facebook. For some enthusiasts, there are also some virtual reality systems such as Second Life, but they are not widely used especially due to small target market, poor graphics etc. Today's information and communication technologies enable many other activities and greatly simplify communication with potential clients. [23] One of these new forms of promotion is product placement. [24]

IV. CONCLUSION

The above results of the research and their comparison with the research in industry and B2B show that the boom in the introduction of marketing departments in the organizational structure of service providing companies responds to and collides with the economic situation in services, especially with the perceived business climate. The majority of marketing departments were created in the studied companies in periods in which the business climate began to show a significant decline in the demand from service providers and 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 the 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.

Despite the above facts, with the constantly developing competitive environment in services, there are increasing requirements for the following:

- 1) Systematic processing, analysis and **use of data** in strategic management,
- 2) **Management of service providing companies needs to be educated and trained** in the specific requirements of the sector as opposed to the goods producing sector,
- 3) Consumers, **clients** and customers **with respect to:**
 - the structure and extent of the portfolio of providers, that is, **the range and variety of the provided services,**
 - **the quality** of the services – with the intangibility and heterogeneity of the service, quality is the major competitive advantage of a service and differentiates it from the competing product,
 - **customization, that is, individualization of the product and communication** towards the client – the adjustment of standard communication messages and tools, differentiation of the product according to the target group profile, often on individual basis,

- **The pace of innovation** in accordance with sustainable development and change management.

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