

NEW TRENDS IN THE ADVERTISING POLICY OF ROMANIAN AND UE COMPANIES

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CEE Marketing Managers use the economic recession to reconsider its approach. A recent survey done among CEE marketing directors (Central and Eastern Europe) showed that recent economic pressure has not only cut short-term budget, but it shows that economic pressure has led to reassessment of their approach to marketing. The biggest challenge the marketers have to face in a recession is the budgetary constraints. In this context more and more managers are considering the integration and the development of direct marketing activities in their organizations.

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Introduction

Promotion seen as a key tool of the marketing mix includes a wide range of activities which has to be closely correlated with other elements of marketing mix, such as product, price and distribution. There is a great diversity of views regarding the criteria of structuring the promotional means, but it seems that the most suggestive and practical are those of referring to:⁵⁰⁷

- the intention of persuasion;
- the way of achieving the target goal.

Taking in consideration this point of view, some promotional means such as packaging, brand, price and the image of the point of sale are unpersuasive media; they belong to the other elements of the marketing mix.

In turn, persuasive means of communication can be classified according to the second criterion, namely how to achieve target goals in two big categories:

- means of direct communication (personal) – that means that rely on sales forces and other means of establishing direct relationships, specific direct, marketing with customers;
- indirect communication means (non-personal) – including advertising with its two forms (advertising and free advertising), public relations and sales promotion.

In another reference work in this field⁵⁰⁸, promotional methods and techniques are classified into two basic categories, namely:

1. promotional communication techniques, including: advertising, sales promotion, public relations, sales force and direct marketing;
2. continuous communication techniques, including: brand, design, packaging etc.

The strategic way in which they are combined by the firm, the various components of the promotion in order to achieve the given objectives generate the creation of "promotional mix". This, viewed from the perspective of various companies, is structured and sized differently, depending on the nature, extent and diversity of each promotional component. "The differences in the composition of the promotional mix are determined, in general, by the nature of products and services, by the profile of businesses

⁵⁰⁷ Adăscăliţei V. – "Promotional Techniques. Fundamentals", "Transilvania" University of Braşov, 1994, p. 22.

⁵⁰⁸ Popescu I. C. – "Marketing Communication", Uranus Publishing House, Bucharest, 2003, p. 25.

(manufacturing, commercial, of services), by the characteristics and trends in markets where they operate, by the specific purchasing and consumption behaviours.⁵⁰⁹

Direct marketing – a specific way of making marketing

The biggest challenge the marketers have to face in a recession is the budgetary constraints.

A study made by Linea Directa Communications in 2009 shows that Romania is among the last states regarding the preference for direct marketing. These two trends, that of overcoming the importance of direct marketing over other marketing instruments and to ignore from the start that strategy, ranked Romania on the last place among European countries, the other countries investigated being Hungary, Poland, Czech Republic and Slovakia.

Most of the companies (in the study were considered only those companies which attained annual revenues of over one million euros) directs to the direct marketing activities a smaller percentage of 10% of marketing budget, the average of a marketing budget in Romania being at the most 250,000 euros. This is because direct marketing is not yet part of the organizational culture of most companies, although the effectiveness of direct marketing has been demonstrated for some time for other international business environments.

The current financial crisis could restore the direct marketing position in Romania by doubling its allocated share from an average of 4% to an average of 8% for 2010. One Hit Mail officials gave for comparison the Hungary, with an average of 12% allocated to direct marketing and the United States, where it exceeds 50% of a marketing budget. The highly personalized direct communication with the client, the pursuit of real and optimized database that can provide real and effective information to the organization, all these attributes or benefits of direct marketing will begin to gain ground in the old situation of world crisis in which the power of purchase is decimated, Romania not being an exception.

The impact of financial crisis on direct marketing practices

According to a survey made in the summer of 2009, in the CEE region, by Linea Directa Communications (part of Studio Moderna Group, one of the largest direct marketing, call – center and fast-growing company; the group covers 19 CEE markets and ensure the provision of services in 22 international languages), companies with small marketing budgets dominate the study, budgets under 250,000 euros being reported especially in Hungary (89.4%), Russia (88.6%) and Romania (85.4%).⁵¹⁰ Budgets that exceed 1 million euros are in small percentages in the Czech Republic (5.4%), Slovakia (4.9%), Poland (4.5%) and Slovenia (4.3%).

In 2009, the biggest reductions of the marketing budgets were made in Russia (28.6%) and in Romania (22.7%), the companies reaching a 30% reduction of the budget. Similar budgets with those from 2008 were registered in Hungary (44.4%), Slovenia (43.9%) and Poland (43.4%). On the other hand, there are companies that have invested in marketing communication – Russia (19.6%), Poland (19.2%) or Slovenia (16.2%).

From 30 to 70% of this money is spent for internet promotion (banners, blogs, social networks etc.), catalogues, mass marketing (TV, newspapers, radio), and for organizing events and fairs. The smaller budgets (more than 30% of marketing budgets) are allocated for sending SMS for mobile marketing, telemarketing, direct mail and email.

The most used communication channels are the Internet (banners, blogs, social networks etc.), e-mail, distribution catalogues, fairs and events.

These data indicate that companies are focused on marketing activities that can be measured in order to become effective, but not too much. There are less popular channels, such as telemarketing, mobile

⁵⁰⁹ Florescu C. & collective – *“Marketing”*, “Marketer” Academic Group Publishing House, Bucharest, 1992, p. 415.

⁵¹⁰ <http://www.iaa.ro/Articole/Analize/Impactul-crizei-financiare-asupra-practicilor-de-marketing-in-europa-centrala-si-de-est/3153.html>

marketing that are not used so much. The advantages of these channels consist not only in direct interaction with customers but also in the use of a wide range of services. Thus, telemarketing is an important tool not only for increasing sales but also for testing new offers and for market research in order to measure customer satisfaction. Telemarketing can be used also to generate sales opportunities, to establish business meetings or to provide customers with specific information about a particular product or service.

According to the survey, companies organize marketing campaigns in order to increase the number of customers, to increase their loyalty and to maximize the profit obtained from the existing customers through additional sales. Also, companies take into account the creation of databases, used later in their communication campaign, to create an awareness, but also for a brand or product repositioning.

For direct marketing companies, 2009 has meant the continuation of the collaboration started in previous years, but also the development of new projects with large and medium companies.

In the CEE region is increasingly speaking about the services outsourcing as a cost saving measure:

- *the Czech Republic recorded the highest percentage of companies that outsourced direct marketing activities (74.4%), followed by Poland (61.5%) and Romania (36.5%);*

- *84.8% of companies don't outsource services in Hungary, 74.6% from Slovakia, 68.6% from Slovenia and 46.7% from Russia these companies don't use the outsourcing of direct marketing activities because they have internal resources to do these operations or they can't afford them because they have low communication budgets; there are also companies that don't have enough information about outsourcing, about the meaning of this term (outsourcing) and its benefits.*

The most outsourced direct marketing activities are really the new communication channels such as Internet promotion (banners, Google Adwords, blogging, social networking), training events and fairs, as well as mass marketing (TV, Billboard newspapers), direct mailing and distribution catalogues.

The study was conducted in 7 countries: Czech Republic, Hungary, Poland, Romania, Russia, Slovenia and Slovakia. Managers from different industries such as IT, finance, FMCG, pharma, automotive, retail, telecommunications, tourism and utilities participated at this study.

The trends on the Romanian direct marketing market – SMS promotional campaigns

SMS promotional campaigns have stood in 2009 under the sign of the cost and resource efficiency. However, this kind of communication has grown not only in the number of new brands involved, but also in the value of prizes awarded, in the number of contributions and in terms of costs involved.

The reason for this increase was that in a year of crisis the actual results materialized in sales and their rapid and accurate quantification yielded a high return on investment. This is one conclusion of monitoring the SMS promotions market in 2009, by Voxline Communications Company, founded in 1998 with French capital, benefiting from the very beginning of technical support and Western European know – how in telecommunications services with value – added solutions and in the interactive services.

In over 10 years of activity on the Romanian market Voxline recorded numerous premiers of which three can be mentioned: in 2002 was the first alternative telecommunications operator which created services of SMS and voice mobile support; in 2004, the Voxline developed the application of the first mobile marketing campaign in Romania, for Chipita brand; in 2005 became the first operator of value added services which obtained ISO 9001:2000 certification issued by TUV Thuringen.

The services offered by Voxline Communications cover a wide range of mobile marketing applications (campaigns of sending and receiving SMS messages, mobile advergames) call center (normal numbers and green numbers), Web applications (promotion sites, flash advergames) micropayment services through mobile telephony and value added services (televotes, contests, digital content). Among the customers for which Voxline Communications has conducted campaigns over time are important players in the local market, such as Quadrant Amroq Beverages (Pepsi), Star Foods (Lays), JTI (Winston), Unilever (Dove, Cif & Domestos), Chipita Romania, URBB (Carlsberg, Tuborg), Western

Union, Duracell, Braun, Dr. Oetker (Ristorante Pizza, Pudding) Fabryo (Savana), Wrigley, Charm, LG Prod 94 (Stalinskaya, Wembley), Porsche Romania.

One of the reasons for which the SMS promotions were increasing in 2009 is that the restriction of marketing and advertising budgets has led to concrete results orientation and Mobile Marketing remains one of the tools that offer the possibility of achieving the brands objectives having a personal character and a multiple applicability and being on hand. Last year, the interest towards direct marketing activities increased a lot, being targeted especially to boost sales and the participation mechanisms via SMS have been very well received by buyers.

The evolution of SMS Promotions in 2009:

Communications Voxline monitored during 2009 over 60 marketing SMS campaigns, made by 35 companies, similar number with the promotions conducted in 2008.

In 2009 brands have invested increasingly more in the consumer viewing experience with the brand, adding dedicated websites to traditional SMS promotions. Thus, 55% of campaigns have been accompanied by such sites, on which the consumer behaviour didn't resume only to the registration; there were various ways of retaining the consumers on the sites, such as: games, auctions, user-generated content, RSS feeds from blogs etc. Most times, these additional activities were rewarded with additional prizes. However, the interest for the cost reduction determined 44% of promotions to use only the component registration via SMS. Some brands that used only the SMS channel for registration, had avoided the printing of unique codes on products, asking the customers to send the number of payment ticket or the brand's name, or the answer to a question. In 2009 the specialists observed the use of the same phone number for more simultaneous promotion of the same brand.

The year 2009 brought a real growth among campaigns conducted for food (both in number of campaigns and the number of companies), alcoholic beverages, as well as for cigarettes. However, collapse was observed in the number of companies in the electronics/appliances, cosmetics/detergents and construction domains. It was also noted the first campaign which offered the possibility of registration through mobile site and the fact that some brands have been returned to the classic coupon promotions or instead of participation through SMS, either as an alternative to registrations via SMS/Web/call centers. Although it was considered a year of crisis, there were companies that have developed sms promotions for the first time in 2009. These were: Albalact (Zuzu), AGRANA (Pearl), Macon Deva, SOLLERS PPD (J&B), Carolli Prod 2000 (Carolli), Nordic Import Export Co. (Rio Mare), Cotnari (Grasa Cotnari), United Euro Distributions (Murfatlar), Ringier (TvMania), the same number of new companies registered in the monitoring of 2008, year of growth. In terms of awards, in 2009 they exceeded the value registered in 2008, reaching the value of accumulated awards of approximately 25 million EUR (VAT included). In terms of traffic generated by the campaigns, it can be estimated a total of over 20 million SMS, the most numerous participations being on cigarettes and soft drinks.

The value of the sms promotions market, reported only to the number of sent messages, plus the average cost of making applications and the average cost of monthly subscription has exceeded in 2009 1 million euros, the highest annual amount recorded for such actions using mobile marketing.

Some companies which made SMS promotions for the first time in 2008, have repeated these promotions in 2009: Colgate - Palmolive, Petrom and Cris Tim. Poiana ("Choose Poiana!") was the promotion with more than one way of registration: SMS, Web, mail, e-mail. Murfatlar used the registration through call center, primarily for Romtelecom network users and other fixed networks. The company with most promotions (7) belonged to the Dr. Oetker brand. The brands with the biggest budget for awards were Murfatlar, Kent, Winston, Coca Cola and Pepsi (which, in total, have almost 50% of the prize budget).

Estimates for 2010:

In 2010 it is estimated that the brands known for their dynamism (Pepsi, Coca Cola, some brands of cigarettes, some alcohol brands) will continue to innovate the methods of registration to promotions, creating a bridge between the registration and the consumer experience with the on any channel. The year 2009 was distinguished by the introduction of new ways of registration, based on mobile phone: the registration through a mobile site. It is estimated that in 2010 will be at least 5 brands that will also use this channel for registration to promotions.

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