

# COMPANY'S REACTIONS TO THE CHALLENGES OF THE GLOBAL ECONOMIC CRISIS

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## ABSTRACT

*The article presents the importance of increasing the marketing communication role in international economic crisis context. Thus, firms must use "corporate communication", viral marketing. The paper stresses the importance of developing corporate communication which consist in integrating sensitivity and a communication policy to the highest level of business management, the new concepts are: identity, culture, project of firm. The importance of using viral marketing in crisis context is highlighted by the positive impact on sales and reduced costs. Also, the paper presents trends imposed by the global economic crisis in the field of production and sales of clothing, respectively the company's reactions to the challenges of the global economic crisis.*

**KEYWORDS:** *corporate communication, viral marketing, enthusing the consumer, global economic crisis, main trends, fast fashion, fair trade, ethical fashion.*

## The marketing communication and the effective sales argument

Amid the global economic crisis firms can not succeed without recourse to a creative marketing approach, without listening of insights more often. Also, firms must work in creative teams.

Moreover, over 45 years have passed since American Professor Peter Drucker in "The Practice of Management" (Heinemann, London, 1963), show that, since that the purpose of business is to create and to keep customers, there are only two central functions: marketing and innovation.

The communication activities and the promotional ones of companies are diversifying, becoming more complex. Appear new techniques, new organizations, new teams of specialists. Increases the attractiveness for operating with tools of marketing mix: advertising, direct advertising, sales promotion, public relations, personal selling. These instruments, in practice, can be replaced some with others or some of these can be used for promote other instruments, which implies the existence of a single coordination.

In marketing, almost everything is communication, much of the marketing budget is spent for communicating what is offered and the rationale for which that product or service meet all the expectations of target consumers. In other words, it is an effective argument of sale (especially positioning in the spirit of consumer, arguments able to reflect this position; the spectacular and creative idea, who makes attractive the argument and can penetrate the consumer). A good argument must go directly to the essential, given that the real subject of communication is the individual who makes logical decisions, or emotional decisions, purchasing decisions are sometimes emotional, and sometimes rational for

example (the human behavior is not a coherent behavior). The same individual may take different decisions in different occasions. It believes that marketing strategies do not need to know the rationale of developing a personality, but must to know what personality you can give for products. No wonder that most advertisements, for example, does not attract the consumers attention, have no power of attracting ("stopping power"). Thus, in accordance with an assessment made by an expert of the Advertisers „Young & Rubicam” there are seven rules who make that the advertising or the other means of communication being a real "stop on image": the ad must be build around of a machination open to all; he must ask the audience to participate, must cause an emotional reaction, to stimulate curiosity, should cause a surprise effect, be expected to convey expected information in an unexpected manner, have to go beyond the rules and personality of its products cathegory. On the other hand, the ad or the mean of communication must have power to attract the people (pull power) to a place or to an event. In addition it is well known that the desiner has an important role in any marketing communication. In this order of ideas, the designer considers the text as one of the elements of ensemble (contrast, visual interest, the interaction between words and other visual elements).

In a study conducted on a sample of 250 European companies the conclusion was that: 50% - the advertising of products, 55% - the financial advertising, 70% - the communication of management (President, CEO); in 84% of cases, the institutional advertising (the firms from the sample using on average from 3 to 6 different types of advertising, which corresponds to a strong trend for the future). Developing advertising "corporate" (institutional) is quite recent, and represent 10% of global advertising budgets by sector. It is more the preserve of big companies which trying to enhance their reputation and image in front of different public target, such as the students; the public central and local power; the financial markets. From technical standpoint, the advertising "corporate" does not differ too much by advertising of product. So, instead of than promote the concept of product, promoting the concept of the business. Thinking is the same creative strategy and media planning follows the same principles, and how long they will be using the same media will not exist big differences. Advertising "corporate" contains a significant evolution: she becomes "corporate" communication. Indeed, the creation or development of the image of an industrial unit will not satisfy by resorting to traditional advertising methods and media, the image being the focal point between advertising and other actions (public relations, sponsorship, patronage, etc..) and the resultant of internal and external communication, the product of the mix of communications.

Development of communication "corporate" lead to a global vision and to the development of new forms of communication. These new forms of advertising are beyond the specific trades thus creating more interest for teams called "group of global communication" (linking all components of communication in specialized units, such synergies are often only financial and therefore presents little interest for anuncios). In the same time, development of communication "corporate" moves away from the principles, methods and techniques of communication product. Communication "corporate" is to integrate a sensitivity and a communication policy at the highest level of management. Thus, the new concepts are: identity, culture, business project. The communication "corporate" helps the company to communicate with the environment. In this context appears a new function: the direction of communication. The new structures must express the consciousness and willingness of managers to integrate their communication in their policy. So, the communication, essentially commercial, becomes a management tool.

## **Viral marketing and "consumer contaminants"**

Successful business which surprised worldwide was based on a concept called viral marketing. That is a "whisper" skilfully orchestrated to enable the achievement of a maximum promotional impact with a minimum budget, closer to a direct marketing operation than a large-scale advertising campaign. The whisper is a natural phenomenon related to interpersonal communication. One can talk about viral marketing only when the favorable communication for company does not unleashes spontaneously. Thus, positive impact on sales and lower costs increases the importance of viral marketing amid the global crisis.

So, Martial Viahero experience represents one of the best examples of success through viral marketing. This former military pilot, converted the fashion designer has become a legend. His bag fetish "recordbag" has seduced the media before win the crowd... only with the force of the rumor. An innovative product adopted by networks of opinion, a trend image reflected by media and the result was: this young company reach sales of 50,000 pieces per month, without giving a dime on advertising!

The extension of phenomenon of launch a product or a fashion using rumors (viral marketing) can be explained by the rejection of a particular speech by a mature public which no longer believes in formatted speeches. "The consumer has created the resistant antibodies to classic methods of marketing" consider Seth Godin, Yahoo vice president. Instead it will listen to what tell friends or neighbors. Therefore, fashion is less the result of an advertising campaign than a form of contamination from human to human. This is what we call "virus".

The whisper in the electronic version is even more effective. The persons who browsing on net and the people who communicate on IM, those who share the same tastes and lifestyles are persons who spread the rumors. Some topics lend themselves better than others to this kind of campaign.

"The Blair Witch Project", an American horror movie, has become an archetype. To make known their film, Artisan Pictures, the company who created the film, running out of money, but not by ideas, chose to intervene on chat, for discussing about supernatural forces and for telling the important moments of the film. Then the company opened a website and has maintained the suspense, revealing passages of the film. Chat-ists were enjoyed these scenes and then they told their friends about this film.

The balance sheet of this strategy: a planetary success, millions of sales, all for ... a handful of dollars to the campaign launch.

Companies who will use viral marketing must take into account the limits of viral marketing. They are:

- it addressed to a young public (very responsive to change, willing to exchange information)
- advertised product to be truly the new (consumer who contaminates must feel put in value of product)
- finding the means of seduction of the consumer (samples, and recommending the product to friends, if it fulfil the standards of persons who spread the rumors etc.)
- the viral communication - effective and inexpensive technique but it can become counter-advertising if the message has been distorted from how it was transmitted by the initiator.

Thus, the viral marketing is a double-edged weapon.

## **Trends imposed by the global economic crisis in the field of production and sales of clothing**

Amid the global economic crisis with its effects on consumption and production and as competition for some budget shopping is becoming more global is not sufficient just satisfaction to the consumer.

Thus, more advanced enterprises began to fight for passage to ensure consumer satisfaction in ensuring its loyalty (continued long-term relationship between enterprise and consumer offers, consumer confidence with that offer) and the insurance of consumer enthusiasm (undertaking it surprise consumers by anticipating or even creating needs and desires not expressed - unmet needs). In this final stage of consumer engagement, the consumer develops a powerful emotional connection with the supply's company which becomes an important part of his life. Enthusing the consumer is considered to be the new frontier that allows the differentiation of supply over the competition.

Among the ways the reaction of firms to identify unmet needs on the market are developing a product or modifying a product to the needs not expressed. As Eric von Hippel, professor at M.I.T. (Massachusetts Institute of Technology) has led studies to determine the sources for new product development. The conclusions of these studies were that in some industries are developed various new products by consumers. In this regard it is important to identify those users who are motivated and able to develop useful products. Von Hippel suggests that users key (lead users) are important sources both for identifying unmet needs in offer on the market and to develop new products. It is the situation of the textile and clothing industry, where exist "smart" textiles for example. A need of a consumer unmet in offer on the market has a strategic importance in that it may represent opportunities for those seeking to gain market position and may present threats to those seeking to maintain market position..

Regarding the evaluation of the degree of consumer's engagement the estimate is that unlike consumer loyalty (relatively easily measured), consumer satisfaction and enthusiasm are more difficult to measure: is based on consumers opinions and what could be affected by the misunderstanding between the pretension and behavior itself, measuring "soft factors" - in particular at the enthusiasm level - such as the consumer's emotional involvement and attitudes to the offer of enterprise which becomes more important.

Currently it is necessary a request to European industry - seen as a whole - to take the lead in achieving a better understanding of the consumer. One way to achieve this goal is to create an index of European consumer enthusiasm for multiple periods, the sections overlap to assess the performance of firms not only quantitatively but also qualitatively. So, companies will increase the capacity of understanding of consumer, by improving the ability to orienting the strategies for enthuse the consumer. Tests in this area have been performed in Europe only in Germany and Sweden, while in world in USA, New Zealand and Taiwan. [1]

Also, it were identified the main crisis trends which have already initiated. In this context, emphasis was placed on fashion and the new generation according to research conducted by experts in important cities for fashion: Tokyo, Los Angeles, Rio de Janeiro, Stockholm and, not least Paris

In addition to fast fashion concept (the presentation of 5.6 collections per year instead of 2, the production is produced in small series and limited in order to give consumers the feeling of exclusivity, uniqueness, to satisfy his desire to break patterns of mass-market ordinary market ), was identified and the concept of ethical fashion resulted in compliance of fair trade, recycling and organic textures. (sustainable fair trade clothing).

Consumers are becoming increasingly sensitive to environmental and social factors when make decisions for purchasing products daily, making the managers of enterprises to face a volatile set of issues that impact on the consumer`s acceptance of products, programs and shops. Often, managers feel frustrated that these issues are beyond their influence or control. A "green consumer" analyse even a branded product in terms of its environmental qualities. The rapid pace of development of "green consumer" puts the environment in a position to become a competitiveness issue for a growing number of business sectors. Another current is the promotion of quality clothing from brands which have like motivation the respecting of traditions and cultural influences. Another new concept on the clothing market is the sales agent in the sense that the manufacturer is seller also.

On the other hand, designers of clothing companies are persons which deals in the same time by costs, marketing, tracking of sales. Thus, the designer has knowledge so vast that it will not propose unfeasible issues or things who could jump over the budget. Throughout the process of creation and production of the fashion collection, the designer ensures the touch with all departments, including marketing department and with the sales agents.

In the 2009 -2010 period, clothing companies must take into account that increasing the price equals with losing the market, the main concern being to resist on the market and in terms of behavior of the consumer we can no longer speak of the concept of irrational consumer or impulsive buying.

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