

IS ADVERTISING A SOLUTION IN THE CURRENT TIMES OF ECONOMIC CRISIS?

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Abstract: As an after-effect of the global economic crisis, the world economy has suffered major disruptions. Supply-demand relationship has been affected both economically and between advertising producers and their customers. In this context, the advertising market sought to exploit new means of communication, using the latest production and promotion technologies for their advertising products. During the early stages of economic recession the persuasive power of the advertising message is highly overrated, which can generate an increasing demand for advertising, while in latter stages of recession, it faces its own recession, due to budget cuts, reduction of the target audience and less spectacular results, while, paradoxically, customer demands are much higher.

Keywords: advertising, economic crisis, market share, advertising instruments.

1. Overview of the problem

Promotional activities must meet the demands of a market where purchasing power is lower and where low-cost products with a higher value for money are sought, both in economy and in advertising.

In the context of the deepening economic crisis, a comprehensive analysis of economic phenomena and processes is necessary, combined with the implementation of effective measures and strategies to promote trade. In this respect, Einstein considered the economic crisis as the most fortunate event which may occur for countries and people, for it entails progress. In times of crisis inventions, discoveries and great strategies are made. Who overcomes the crisis overcomes himself, does not remain “obsolete”. He noted in 1955 that the incompetence is the source of the real crisis and “the true problem of peoples and countries is laziness and indifference regarding the solutions for these issues”.

Without a crisis and competition, life is just a slow agonizing routine. Crisis creates values and brings out the best in each of us. Einstein urges us to

work and ignore the crisis in silence, because voicing our concerns only helps to strengthen it.

In the current climate of financial uncertainty, in order to avoid the apocalyptic blockage, when nobody can buy or sell, **advertising is needed for communication between producers and consumers**, and also to encourage private sector investment, innovation and job creation. Since people still need food, clothing, housing and other essential goods in times of crisis, companies and small retailers need advertising in order to sell their products.

Moreover, in times of recession, businesses are forced to adapt to the new conditions, where consumer behavior changes based on their income but also based on their social status due to job loss or job security uncertainty. The economic depression, characterized by reduction of economic sectors, should usher the use of the most effective tactic, communication.

2. Exploiting new means of communication

Reduced marketing budgets will urge companies to seek new beneficial communication opportunities, and this seems to lead to the migration from traditional media advertising to online advertising, publicity on the Internet being the cheapest and most effective method by which one can make himself known. This phenomenon is beginning to take shape and publicity over the digital media is having the same or even greater impact than advertising through traditional media.

Why is digital advertising more attractive in times of economic crisis? This is demonstrated by the following:

A first aspect would be the *return of the investment*, i.e. invest very little in the interactive global internet market, which is offering new opportunities to make yourself known and know others. Secondly, *routing information* is an important issue, because a message will reach any region of the world in a much shorter time.

Message attractiveness and user interest can be determined by monitoring the number of people accessing the information, so the impact of advertising can be more easily determined in a much shorter period, both by analyzing the number of visits and by sales volume, which can contribute substantially to changes in price and presentation strategies.

Internet advertising has the advantage of being always accessible and can be modified or discontinued at any time. **The advertising interactivity** is determined by its speed and accessibility and also by the ease with which it can be acquired and forwarded when the information catches the attention of many visitors.

Even if the budget is reduced and investment in communication has to be efficient, in times of crisis it is necessary to invest in the creation or maintenance of an image in order to boost sales. Maintaining a company's brand identity costs much less than having to rebuild it after the crisis. Creating a favorable

competitive position for a production company is also a key objective to be considered for any business.

Branding, as a competitive strategy, comprises all methods by which an organization or a product stands apart from the competition and is a process that creates and maintains a brand. Temi Abimbola, professor of marketing, believes that branding is “the identification, creation, and operation of sustainable competitive advantages”. Philip Kotler also considered a brand as “a logo, symbol or design, a name or their combination, defining and differentiating a product or a company” and is distinguished by “six types of positive meanings: attributes, benefits, values, culture, personality, the consumer type to whom is addressed”.

All these ideas lead us to believe that **a brand means everything we want to communicate to consumers about the product or our company**, but also everything we communicate unwittingly. A brand is a reflection and represents everything the consumer and the public generally thinks about the product or company when he hears or sees the name, symbol etc

Some analysts (Aneta Bogdan¹) in the Romanian marketing and advertising industry argue that the Romanian “marcă” would be our equivalent to “brand”. In our view, however, the term “brand” has a different meaning, different from “marcă”. “Marcă” is a benchmark that differentiates a product or service from other products or services, allowing consumers to distinguish the products or services offered by business competitors.

Brand advertising is essential to the brand owner trying to demonstrate the value of his products on the market. The art of creating and maintaining a brand is called **brand management** and the high recognition rate of a brand on the market is called **brand recognition**.

Global brands are sold on international markets and are perceived to reflect the same set of values around the world, in order to create lasting relationships with customers from all countries regardless of language, culture and religion. As examples of global brands we can mention Coca-Cola, McDonalds, Marlboro, Levi Strauss, etc.

As the surrounding world is becoming more complex brands become familiar landmarks and simplify the purchasing decision, which currently causes many companies to recognize their importance for marketing.

Generally most companies focus on building **individual brands**. But one of the main problems to be solved is structuring and managing the entire portfolio of brands by creating an optimal “brand architecture”.

Brand architecture defines and establishes relationships between brands, between corporate entities and between groups of products and services, finally

¹ “Mărci, dialog, reputație - un interviu cu Aneta Bogdan” în *PR România*, <http://www.pr-romania.ro/articole/csr/70-marci-dialog-reputatie-un-interviu-cu-aneta-bogdan-partea-i.html>.

leading to the creation of a system, a kind of road map that helps consumers and policy makers in the organization to “surf” without difficulty among brands and reach the right decisions.

The advantages of branding cover a wide spectrum, from the protection of names to the intrinsic values of the product or service, increasing competitiveness and the ability to create sub-brands (brand extension). The main disadvantage is the high cost. Market players in the field agree that it is expensive to create a brand in all its aspects and in all respects to the public, especially when the contractor itself does not demonstrate competence in brand building and management.

3. Advertising concepts

The impact of recession on advertising methods is subject to some new conceptual approaches to defining and streamlining communication through advertising and also regarding the replacement of inefficient practices with other techniques and strategies capable of generating the elaboration of a plan of revenue. It is well known that a reputation is hard to establish, and is important not to neglect its maintenance. In times of trouble the image plays an important role in the selections the clients make, but any price adjustment to market requirements or innovation are not to be neglected, otherwise it is likely that even large companies with strong brands will lose their market position, the brightness of their past glory transformed into a dusty vintage picture.

4. Above the line advertising and below the line advertising during the crisis

The criterion of distinction between advertising “above the line” (Above the Line - ATL) advertising and “below the line” (Below the line - BTL) is the main means of communication used to disseminate messages.

Advertising above the line (ATL) refers to conventional and traditional channels and it's done through media such as print media, radio, television, cinema, web banners and web search engines. In general this type of advertising is used to promote brands, being more effective when the target group is very large and difficult to define.

Advertising below the line (BTL) refers to unconventional channels that exhibit more inspiration and originality. This type of advertising is done by means of direct communication with customers in order to provide immediate information on product features and leave to the viewing public the decision to listen to the advertisement. Thus, advertising is adapting to these channels without being influenced by technical constraints. BTL techniques generally involve sales personnel and uses unconventional brand-building strategies

(brand building) such as: direct mail (flyers, letters, emails, brochures, posters, etc.) and promotional items (lighters, matches, t-shirts, caps etc)².

BTL is a sales promotion incentive that has a shorter duration and proves efficient and profitable when is directed at small groups. In this respect we can talk about event centered advertising:

- Significant calendar days;
- Visits from local and foreign personalities;
- Book launches, fairs and exhibitions;
- Sponsorship of public events;
- Organization of receptions, balls, concerts, charity etc.
- Promotions face-to-face.

Other types of unconventional advertising are outdoor advertising and indoor advertising, which is generally based on creativity. Outdoor advertising provides advertising services by street billboards (mesh or net banners, posters, street signs, TV screens, etc.) and mobile carriers (buses, trolleybuses, trams etc.). Outdoor billboards are generally installed in towns and cities, the strategic areas of roads, intersections and highways.

The advantages of outdoor advertising are: prolonged exposure, drawing the attention of the target audience, reduced costs compared to other media, greater impact due to the scale of the advertisement and increased efficiency for campaigns aimed at increasing a product or brand reputation.

Indoor advertising shall takes place in closed places (cinemas, supermarkets, airports, bars, beauty shops, medical clinics, intercity trains, pharmacies, media distribution centers, schools, universities, subway, etc.) with a large amount of traffic and aims to draw attention of potential customers who attend these facilities. This type of advertising can be done by: billboards, radio networks and closed circuit TV, plasma video merchandising services (techniques and methods to stimulate consumer), information stands.

Indoor advertising serves to permanently and completely inform visitors passing through these locations regarding events, products and services that they use regularly³.

While ATL promotions are designed for a mass audience, BTL promotions are targeted to individuals based on their needs or preferences. ATL promotions establish a brand identity and BTL actually lead to a sale, so the effectiveness of BTL promotions is more easily measured, which will provide valuable insights for marketing and return on investment.

² "Impact of Recession on Approaches to Brand Promotion// Community Marketing Blog". Posted by Aditya on December 12, 2009 at http://www.communitymarketing.typepad.com/my_weblog/2009/12/impact-of-recession-on-approaches-to-brand-promotion.html

³ <http://www.agresivmedia.ro/promovare-media.html>.

Some specialists argue that the two terms actually refer to the distinction between advertising and other forms of promotion: public relations, promotional sales, door to door sales, etc., especially since events can be considered related to public relations.

The current trend is to find other terms to express the best means of promotion used, such as the notion of advertising **On the line**, (online, offline) which combines and unifies the characteristics of both types above, without replacing them.

Through the line is a concept that has arisen because of the hybrids of communication, which make impossible the sharing of advertising types. This method of advertising encompasses elements from both ATL and BTL and is designed to allow the sending of the same message through multiple media, without the need to make a distinction according to the means used for promotion.

Above the line (ATL), below the line (BTL), and through the line (TTL), are considered advertising techniques in the organization of business and marketing communications.

Globalization had an essential and complex role in both economic progress and in the stimulation of competition, so by mid-2008 considerable budgets were allocated for ATL activities, as the world economy was experiencing an optimistic growth.

The rapidity with which the economic crisis has spread, affecting the economies of many countries, imposed a new rethinking of the mechanisms of globalization. Implicitly, growing financial pressure had negative effects on advertising budgets, which required new approaches in order to make the marketing activities more efficient by using cheaper techniques and methods but with a larger impact on sales. The idea of optimizing the investment begins to take shape by increasing the importance of promoting through BTL and TTL approach techniques, which are actually a combination of ATL and BTL.

5. Advertising techniques used by companies during the crisis

The advertising techniques used by companies in times of crisis include:

Advergaming - is the method of using video games to advertise a product, organization or viewpoint. The term "advergaming" was first used in January 2000 by Anthony Giallourakis and was then applied to various free online games commissioned by big companies. With the development of Internet networks and the increase in the number of users, advergaming have proliferated, becoming an integral part of the brand media due to their role in promoting websites.

Players choose to register to be eligible for prize winners and in turn can invite other users to participate by sending a link by e-mail or messenger. Promoters of these games realized that the ease of entry into the game creates more and more internet users, so they make it more attractive by awarding bonus

points for each new gamer invited, but also by systems of votes that can help the player advance in the game.

Publicity games may have educational or training purposes, information or simply entertainment. Generally these games are advertised through social networking sites or other sites having a large number of visitors. Romania has witnessed several advertising games. An example is the stimulating “Coffee World” competition, started by the “Eva” magazine, on their site www.eva.ro, which registered a number of 44,356 participants.

By using ATL Advergaming, a company usually provides interactive games on their websites in hopes of attracting potential customers or simply to make the participants become more aware of a product. BTL advergaming games are normally published and have a stimulating role, or a guidance role, such as the military games designed to boost recruitment for the U.S. Army and also others focused on stimulating education.

Though advergaming is commercial advertising, there is a new technique that uses the game itself, which begins to define game advertising propaganda. Thus, billboards, sponsored product placement and interaction of the player with these elements in the game provide an outlet to advertise products.

The TTL Advergames technique started to become more common and refers to the use of hyperlinks in the game, designed to take the user to web pages which contain advertisements. Hiperlinks are reference and navigation elements which can be accessed instantly by sending the user to a specified destination. This technique is designed to lure the player to visit other websites and varies from one game to another. Other games lead users to additional links, which can sometimes become annoying in obtaining additional information about the game⁴.

Product placement is a very interesting and promising opportunity to promote them. This type of promotion uses two virtual worlds: games (such as Second Life, a game that emerges you into a fascinating virtual company where you can buy, sell, traveling and meet people from all over the real world) and universal business simulations. For example the emergence of virtual banks that serve the brand in the real world offers more opportunities for virtual currency transactions as business simulation appear to allow players to produce and sell virtual goods. The main objectives of the game are goods, services and brands. Recent studies indicate that the impact of brand in these games reminds consumers of that brand or product and also stimulate purchase intention, which contributes to raising brand measurement attributes.

Advertainment refers to the combined forms of advertising and entertainment, commercials that are packed as mini-movies, generally about 30 seconds long. This advertising technique has a video content regarding a brand

⁴ Ernest Adams, *Sorting Out the Genre Muddle.*, online at http://www.designersnotebook.com/Columns/101_Sorting_Out_the_Genre_Mudd/101_sorting_out_the_genre_mudd.htm.

or a trademark; using these online can be more personalized and more interactive than through the broadcast media.

By advertainment brands have a better chance of increasing visibility, creating awareness and preferences when the consistent message is broadcast over a longer period of time.

Nike, Apple and many other brands globally distributed cinema-grade short films. However, the high production cost of the short videos prevented the development of this technique.

In Romania, the first advertainment attempts were made in late 2005, with a Zapp advertising spot that used only 10 seconds to inform the public about the Zapp offer, the remaining 20 seconds being used for a “noble purpose”: “Zapp offers during the remainder of the ad quality entertainment”. Of course, it was only an early attempt to change the direction of classic advertising⁵.

Promoting a brand by advertainment constitute an exercise in commercial communications and integration of disciplinary knowledge. The necessity to integrate marketing, the audiovisual sector, business, art and culture determined advertising agencies to collaborate with directors and producers in the issuing of joint projects in order to produce “advertising movies”.

Bait and switch are two forms of fraud in the retail business, which rely on attracting potential customers by advertising a product or service at a low price or more features, and then to be offered something else. These tactics are intended to steer customers to believe they are making a bargain, so the vendor will not show the original product or the product advertised but instead will demonstrate a more expensive product or a similar product that may have a greater impact on the consumer public⁶.

The switch tactics is used by some bloggers as a means of entertainment, which is called **rickrolling**, in which users, when accessing a link, they are taken to another destination by a false trail, and in most cases can even lead to infection of their operating systems with viruses. Another aspect of this tactic is an online presentation of a software as being original and functional, available for a very small fee, this being a common practice in internet piracy. Generally these practices are sanctioned by law.

Store demonstration or “demo” is a promotion where product samples are distributed to customers in a shop. The purpose of the demonstration is to convince customers of the quality and usefulness of a particular product. In general these are new products or new versions of existing products.

The trial version is a way to promote a new or improved version of an existing product. This type of advertising is used for various games or software in order to demonstrate their usefulness. Demonstration versions can be

⁵http://www.iqads.ro/SpotLight_read_9782/advertainmentul__evadarea_din_calup_.html

⁶ N. Hicks, “Consumers complain about deceptive gas advertising along I-80” [Internet] in *Lincoln (Nebraska) Journal Star*, 2008 Aug 16.

downloaded from the Internet and can be used for a determined period that can reach even 6 months (e.g. antivirus software, video software, etc.).

Celebrity branding is a type of branding and advertising which appeals to a celebrity or a person with a high status in society to promote a product or service.⁷

Celebrity branding can take many different forms, from a celebrity simply appearing in advertisements for a product or service to a celebrity participating in PR events and even up to the creation of a line of products or services using celebrity names as a brand. The most popular forms of celebrity brand are for clothing and perfumes. Many singers, athletes, models and movie stars now have at least one licensed product or service that bears their names.

Lately there has been a *celebrity voice* trend in advertising. Some celebrities have distinct voices that are recognized even when not present on the screen. This is a more subtle way to add celebrity branding to a product or service.

The window display is a display window or a store window in which objects are exposed for sale in order to attract customers in areas of product marketing.

Employee pricing is a sales strategy launched in 2005 by the automotive industry in order to attract customers using low price programs. It was first offered by General Motors and later followed by Ford, Chrysler and some local dealers. While 2005 was the best year for this kind of promoting, this strategy has been used several times even during the crisis of 2008 by the automotive industry, in order to stimulate sales.

Fast Marketing is a marketing tool, designed in 1992 as a way of advertising by rapidly saturating a market with samples of a product.

Trailer or preview is a lengthy advertisement for a film that will be in cinemas in the future. These demonstrative ads have become increasingly popular on the Internet. The duration of a trailer is generally two minutes and a half, this being the maximum length allowed by the United States. Each studio or distributor is allowed to exceed this time limit only once a year when needed for a particular film. These trailers are made for advertising purposes, trying in a very condensed way to explain the story of a movie. The structure consists of three acts. Act I begins with the story premise, Act II continues the story usually ends with a climax, Act III usually consists of a video montage that includes powerful and emotional moments of the film and also presents the cast (accompanied by a soundtrack - a song or an orchestral piece) which could play an important role in selling the film if some stars act in it. Some trailers are especially coveted by collectors because some of the scenes presented are not in the actual movie⁸.

⁷ <http://www.frankwbaker.com/celebrityads.htm>

⁸ <http://www.straightdope.com/columns/read/2270/why-are-they-called-trailers-if-theyre-shown-em-before-em-the-movie>

Promotional merchandise, promotional items, promotional products or advertising gifts are commodity items that are marked with a logo and used in marketing or communication programs. They are designed to promote a company, a brand image or an event.

A logo is a trademark or symbol commonly used by commercial enterprises, organizations and even individuals, in order to promote instant recognition. Logos are either pure graphics (symbols, icons) or consisting of the organization's name (a logo or wordmark). Almost anything can be personalized with logo or name of a company and then used to promote the exhibitions or product launches. These elements include: shirts, caps, key chains, pens, stickers, calendars, lighters, watches, etc. In general these promotional items are relatively small and inexpensive, but may vary according to circumstances.

Companies often offer expensive gifts to celebrity participants at the event, which then allow themselves to be photographed with the gift, photographs that can be used by the company for promotional purposes. Other companies provide the participating celebrities with luxury gifts such as scarves, handbags, watches in the hope that these will be worn in public, which would be a successful advertising for the company and for the product image.

At the end of the twentieth century a new industry has evolved around the concept of gifts, such merchandise being used worldwide to promote a product or even corporate identity.

Propaganda is a technique designed to project a positive or negative quality (praise or blame) to an entity, object or value in order to create the emotional response of acceptance or rejection. Propaganda, “misinforms” and “manipulates” and is a special form of public relations that has the role of “informing”.

Propaganda often presents selective facts (e.g. lying by omission) to encourage certain messages to produce an emotional response rather than a presenting information in order to get a rational response from the target audience.

The Trojan Horse is an advertising offer, made by a company, which is designed to attract potential customers by offering money or anything of value, but after accepting the purchaser is obliged to spend a greater amount of money by signing long-term contracts out of which is difficult to come out. Negative consequences may include customer facing costs well over market share, large amount of debt, or even identity theft. This practice is a trick, apparently referring to an item offered at a bargain price. Marketing business using the trojan horse include banks, Internet and mobile service providers and other companies which need to have a continuing relationship with the customer.

Internet advertising is one of the main mechanisms that help the Internet survive. Internet advertising is of several types, each with its own fee. We mention two new concepts, which we will take into account later on:

The Advertiser is a company or individual who pays the web masters for publishing advertising on their sites.

The Publisher refer to owners of sites that display the advertiser's ads and are paid for it⁹.

Forms of advertising:

CPT - Cost per thousand. You are paid per thousand impressions, or number of guests who visit pages with ads.

CPC - Cost per click. This type of ad is paid by the number of clicks on data links or advertising banners. This is a type of Internet advertising very often met.

CPA - cost per action. You get paid for an action (buying of a product, registration) made by users who click on the advertisement placed by you.

The above methods can be applied in two ways. As a publisher you can put the advertising directly from the advertiser, this being a method that involves a previous agreement between the advertiser and the publisher. Another method is to use online advertising agencies the advantage being that we need not look for new advertisers or advertisers for publishers. By subscribing to an Internet advertising agency, ads from various advertisers will be displayed on our site automatically. The disadvantage is that these agencies pay only a part of the ad, usually 75%.

Conclusion

In a time when the economic crisis affects the global economy the question that often arises is "How to sell if people won't to buy?" This kind of question is a challenge for the advertising businesses, as advertising is not the optimal solution for business relief in times of crisis, it also depends on innovation and the creation of a climate of trust and more efficient investments. We can say however that advertising is a good incentive for consumers to purchase but also an energizing incentive for the money and goods flow.

Reducing advertising budgets in times of economic crisis is a common temptation, but is highly counterproductive. Major effects occur after the economic recovery and consist especially in the reduction of market share. If the correct solution, namely budget growth is not applicable, a suitable alternative is focusing on mix marketing elements that have proved successful. In times of recession, an effort to keep existing customers and markets is more sustainable than exploring new opportunities. The brand must continue to be promoted, otherwise long-term negative effects will be difficult to counter.

⁹ http://en.wikipedia.org/wiki/Online_advertising.

