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Sales Promotional Activities During the Covid-19 Pandemic: A Study

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ABSTRACT

The COVID-19 epidemic has rocked the world, affecting almost every sector and way of life. While economies are fighting to remain stable, governments are trying to keep their populations safe. Globally, small enterprises have faced financial difficulties and have had to adjust to new sales channels. There are various approaches that organizations may take to plan to take full advantage of their circumstances as we maneuver through the epidemic and get ready for its conclusion. Many organisations conducted research with potential customers to find out their opinions about these kinds of techniques and we studied several promotional marketing campaigns to find out the actions done by companies from various industries. Businesses that faced challenges during the pandemic period turned to promotional marketing campaigns with several goals in mind, such as increasing sales, raising brand awareness for the goods or services provided, and even gaining more clients with a mixed market expansion that goes beyond intense or extensive growth. In this research paper data is collected from secondary sources and analysis is conducted.

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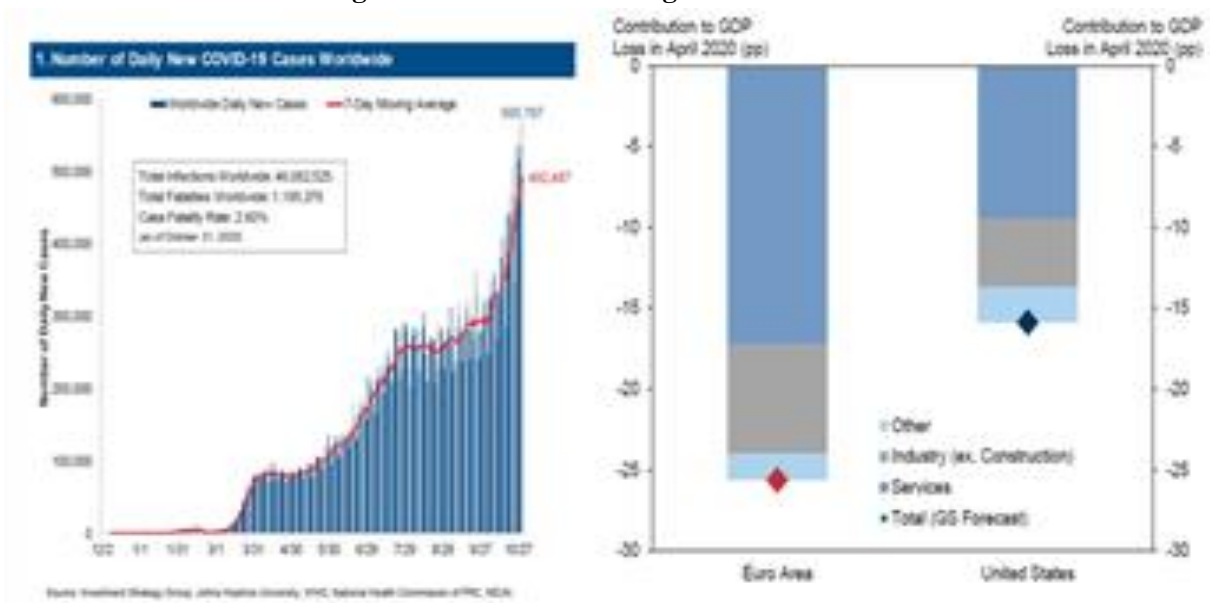
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INTRODUCTION

COVID-19 surprised individuals, businesses, and governments alike. When the epidemic first started, everyone was (Gerwe, 2021) shocked, and companies had a hard time adjusting to the "new reality." Some industries were forced to cut back on their offerings because there was less demand (Galanakis, 2021), or they might have to stop supplying products or services altogether because of lockdown restrictions (Gonzalez et al., 2021). Impending disasters in the social, health, and economic spheres seemed (Lu et al., 2021) inevitable and more catastrophic than the global financial crisis of 2008 (Vo et al., 2021). When compared to the 2008 financial crisis, we can say (Nicola, 2020) that the pandemic can be compared to a war zone, where not only did businesses and other economic sectors suffer losses (Roy et al., 2021), but also individuals who were unable to overcome the virus's infectious

effects and ultimately lost their lives (Radulescu et al., 2021). The worldwide crisis affected almost all businesses and organizations in one way or another. The demand for medical supplies, pharmaceuticals, devices, disinfectants, construction, digital industries, and courier services increased as a result of the lockdown restrictions (Kouvelis, 2021). However, demand for other industries, including those in the automotive, aerospace, construction, hotel, spa, and cultural and creative sectors, declined (Sarbu et al., 2021). Businesses (Atkinson et al., 2021) that witnessed a drop in profits were forced to turn to a range of marketing strategies (Sun et al., 2020) to salvage sales and weather the crisis, adhering to or attempting to adhere to the laws and regulations enforced by governments as a result of the CoVid 19 pandemic (Burlacu et al., 2021).

Image: COVID-19 is affecting real GDP worldwide.



Source: Goldman Sachs (2020)

Businesses attempted (Zwerin et al., 2019) to boost sales using a range of marketing techniques. Using promotional marketing campaigns, such as contests or straightforward raffles (Orzan et al., 2020), was one of the most popular strategies used by several companies (Soma et al., 2021). The participants' requirements to win the prize included sending an SMS (Pescher et al., 2014) or purchasing a product or service and registering their receipt or invoice, as well as pushing the "Like" button on various social media platforms like Facebook, Instagram, Twitter, and so on (Chawla & Chodak, 2021). While some businesses gave their goods or services as prizes, others provided more reliable prizes like vacations and even brand-new cars (Zhao & Renard, 2021). Sales promotion

campaigns activity continues to rise and evolve, especially during these economic crises (Peattie et al., 2010), in terms of the quantity, scale, and range of promotional tactics employed by organizations in their integrated marketing communication efforts (Gupta & Gentry, 2019). (Bodislav et al., 2020).

OBJECTIVES

To analysis the impact of COVID-19 on consumer behaviour

To work out the change in marketing strategies due to the pandemic.

PRIOR LITERATURE REVIEW ON SUBJECT

Author (year)	Title of the Study	Name of the Journal
Kennedy et al. (2004)	Integrating public policy and public affairs in a pharmaceutical marketing program: The AIDS pandemic	<i>Journal of Public Policy and Marketing</i>
Fink et al. (2008)	Managing uncertainty in the marketing of new-technology products	<i>International Journal of Technology Intelligence and Planning</i>
Cadeaux and Ng (2012)	Environmental uncertainty and forward integration in marketing: Theory and meta-analysis	<i>European Journal of Marketing</i>
Brenčić et al. (2012)	Managing in a time of crisis: Marketing, HRM, and innovation	<i>Journal of Business and Industrial Marketing</i>
Laran and Tsiros (2013)	An investigation of the effectiveness of uncertainty in marketing promotions involving free gifts	<i>Journal of Marketing</i>
Jia et al. (2014)	Interacting effects of uncertainties and institutional forces on information sharing in marketing channels	<i>Industrial Marketing Management</i>
Parnell et al. (2019)	The competitive uncertainty, marketing and non-market roots of capability deployment and organisational performance in Turkey	<i>International Journal of Business and Emerging Markets</i>

Vaid et al. (2020)	Joint marketing and sales appointment: Uncertainty from intertwining of marketing and sales in one position	<i>Industrial Marketing Management</i>
Srivastava et al. (2020)	Price and margin negotiations in marketing channels: An experimental study of sequential bargaining under one-sided uncertainty and opportunity cost of delay	<i>Marketing Science</i>
Kennedy et al. (2004)	Integrating public policy and public affairs in a pharmaceutical marketing program: The AIDS pandemic	<i>Journal of Public Policy and Marketing</i>
Köksal and Özgül (2007)	The relationship between marketing strategies and performance in an economic crisis	<i>Marketing Intelligence and Planning</i>

Source: Different literature reviews

THE IMPACT OF COVID-19 ON CONSUMER BEHAVIOUR

The COVID-19 crisis is affecting consumer behaviour and thus how marketing can be used. The use of marketing during (and after) the COVID-19 crisis shows (and will continue to show) similarities with the way that marketing is carried out during economic downturns. Dekimpe and Deleersnyder (2018) have summarized the most relevant studies on the effectiveness of marketing efforts during

downturns and upturns. However, this specific crisis, which will be followed by a recession (contraction), displays characteristics that differ from those associated with a recession. For example, as well as a fall in consumption due to lower consumer confidence, lower incomes, consumer defaults on loans and reduced financial means as a result of falling share prices, shifts in consumption are also occurring between product categories. In parallel to these economic developments, the imposition of social distancing

is also affecting the drivers of consumer behaviour.

Consumers are being challenged to re-evaluate their life priorities, which may give rise to new values and spending criteria. In this respect, Euromonitor International (2020a, b) has observed a focus on family/community/self, health, and digital solutions, and expects this to last into the long term. More specifically, Euromonitor has identified various megatrends, including:

Connected Consumers: Both consumers and businesses are showing stronger emotional connections with reliable suppliers in their search for stability and value. In this respect, digitalization is more important than ever and shows how consumers, employers, and employees may be able to keep operating in the future. Services such as Zoom and Google Meet are proving to be indispensable in many more situations than we were previously aware of

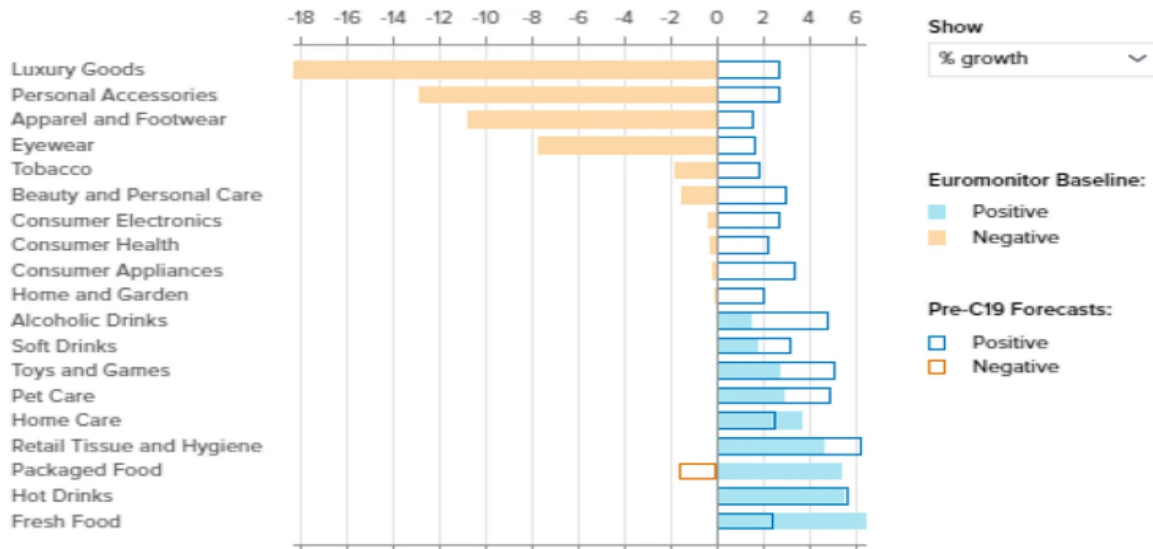
moral and ethical values (referred to as ethical living) are also receiving greater attention. Concerning this, Euromonitor has mentioned the tendency of consumers to become more engaged with products and services and to attach greater value to connections with reliable, often important, and well-known brands such as IKEA, Knorr, Maggi, and Disney. We also observe that consumers are looking for reliable information about COVID-19 and its consequences. This is, for example, reflected in greater attention being paid to non-commercial websites and TV broadcasting.

Healthy Living: a healthy lifestyle and healthy habits inside and outside the home are becoming more important, and a more holistic approach to wellness is being adopted.

Middle Class and Lower-Class Retreat: as a result of COVID-19 and its economic consequences, we observe that the middle and lower economic classes are struggling to maintain their economic position and lifestyles. We

observe that unemployment in the USA is increasing dramatically, and is affecting about 25% of all US citizens. In Africa, the situation is even worse. Middle-class retreats can be observed in Europe in particular. This is leading to behaviours such as sharing products (Eckhardt et al., 2019), renting, and borrowing.

Shopping Reinvented: social distancing is leading to a shift to online shopping among many consumers. This includes both groceries and durables. As a result, online stores are experiencing enormous increases in turnover. We also observe that consumers who were not previously familiar with online shopping are now becoming ambassadors for this way of shopping. The expectation is that at least a part of the shift to online shopping will be permanent. The COVID-19 crisis has also led to a move towards buying more locally produced food. For example, the Stratify e-commerce platform brings together buyers and local stores.

Image: Changes in consumer spending as a consequence of these trends

Source: Euromonitor International (2020b, p. 7)

Shifting Market Frontiers: Observed that large cities reach saturation when social distance has to be maintained. The space offered by free zones (parks, avenues, shopping streets) and nature (such as woods and beaches) is insufficient. As a result, a shift to living in mid-size cities is expected. It is also believed that certain markets have reached their limits, both directly as a result of COVID-19-related measures (including the travel industry, particularly aviation and cruises, and the restaurant industry), and indirectly, as a result of the developments mentioned above (such as farming (both intensive livestock breeding and intensive agriculture), mining and fast food).

THE IMPACT OF COVID-19 ON STRATEGIC DECISION-MAKING

The Spring 2020 issue of AMA's Marketing News gives many examples of how leading marketers are working during the pandemic. Many managers employ a short-term view and are having difficulties ensuring that their new, short-term actions still fall in line with their longer-term strategic plans. Companies are also urged to calibrate and redefine their Purposes, Products, Channels, and target Customers at this time. Companies are adapting their goals and are launching initiatives designed to contribute to tackling COVID-19. Such activities are referred

to as ‘purpose marketing’ or cause-related marketing’ and demonstrate corporate social responsibility (CSR). Observed many calls for purpose marketing to help elderly and vulnerable people in society and to support and encourage those in need of emotional support. Although research shows that announcing cause-related activities may negatively influence shareholder value (Woodroof et al., 2019), research also shows that such activities result in more positive consumer attitudes and larger purchase intentions (e.g., Trimble and Rifon, 2006). Companies that engage in COVID-19 related activities either have the resources to do this and/or are able to benefit from the shifts in demand occurring during the pandemic. For example, Coca-Cola has donated 120 million dollars to fighting COVID-19 and temporarily halted its commercial activities. Nivea (Beiersdorf) has donated 50 million and Facebook 100 million. Toyota Netherlands is using its dealer network to collect and distribute medical and other supplies. Another example is a supermarket chain that is donating ten euro cents to the Red Cross for every carton of milk, porridge, and custard sold. In a meta-analysis, Fan et al. (2020) find that the effect of cause-related marketing is larger when it is done by a familiar brand of a utilitarian product, when a relatively large amount of money is donated and when the cause is less familiar. It is also important that such activities connect with the authenticity of the brands that initiate them. If this is the case, these companies will not only be doing a good deed: these activities will also strengthen the consumers’ brand attachment and word-of-mouth (Morhart et al., 2015).

Research has shown that it is wise to invest in R&D and innovations in times of contraction (Srinivasan et al., 2011; Steenkamp and Fang 2013), not only in terms of products but also new (potentially complementary) services and processes, such as the aforementioned home delivery service. The receptiveness of consumers to new products/services is greater during periods of contraction than during periods of expansion. In addition, in such times, many R&D departments have the opportunity to work on new products without excessive time constraints and with greater creativity. This particularly applies to companies that rely less on R&D capacity to resolve production problems. Communication about investments and the results of R&D also contributes to a greater appreciation of the company by investors (see for example Edeling and Fischer, 2016).

THE IMPACT OF COVID-19 ON MARKETING POLICIES

Many companies are using the COVID-19 crisis to critically evaluate the size (breadth and depth) of their range to increase profitability. Sloot et al. (2006) have shown that offering a substantial number of products does not contribute to profitability. The authors assessed the short-term and long-term effects of a 25% reduction in items on category sales. They found that a major range reduction can lead to substantial short-term category sales losses but has only a weakly negative effect on long-term sales. The effect on customer profitability and lifetime value is unknown. These may decrease if certain products

are no longer available and customers decide to do some or all of their shopping elsewhere. Hence, it may be very useful to reconsider the range of products that are offered now. COVID-19 indicates the need for critically evaluating the supply of products in the assortment. This is also caused by possible changes in how we reconsider our use of products and services in the post-COVID-19 time period. For example, do we really need all those short-distance flight connections or can these flights be skipped and replaced by train connections? And are people still wearing business costumes and suits now they are so much accustomed to wearing casual clothes?

The share taken by private labels increases during downturns at the expense of national brands and shrinks when the economy is flourishing (Lamey et al., 2007). Even after a downturn, the share taken by branded products is generally lower than it was before the downturn. As such, it is necessary to invest in branded products. Given the Euromonitor megatrends discussed earlier in this paper, this is especially relevant for national and international brands that are authentic, transparent, and safe. The sustainability of the brand also plays a major role, as the COVID-19 crisis coincides with the ongoing discussions on climate change and its consequences for our planet and its inhabitants.

Price must be used with great care as a marketing instrument during this crisis. The price sensitivity of consumers increases during a contraction (Van Heerde et al., 2013). The extent to which price

sensitivity increases is dependent on various factors. How unique is the product? How important is the product to consumers? And does the company focus on a mass market or a 'niche'? Brands that focus on a mass market and that are less unique are more sensitive to price than more unique brands that focus on niches. Now more than ever, it is all about creating products that offer the consumer 'value for money'. Consumers will be displeased if they have to pay more without a concurrent increase in product and/or service quality (Hunneman, 2020).

In times of crisis, companies tend to reduce spending on communication/advertising. Deleersnyder et al. (2009) have shown that advertising expenditure is considerably more sensitive to business fluctuations than the economy as a whole. Moreover, the growth in private label sales is greater in countries characterized by more cyclical advertising spending, implying significant losses for brand manufacturers. Research has shown that the sensitivity to advertising can be greater in a period of contraction than in a period of expansion (Steenkamp and Fang, 2013). Van Heerde et al. (2013) confirmed that this is the case for foodstuffs, but not for drinks. As such, generalizations about this are not possible. However, companies that maintain communication spending during a contraction can win a greater 'share of voice' in the market if competitors communicate less (or not at all) during the same period.

Supporting brands with communication during a period of contraction shows that:

- a. in such cases, consumers are less likely to switch from national brands to private labels;
- b. following a period of contraction, these brands can regain the market position they had before the contraction/crisis more rapidly and at a lower cost (Van Heerde et al., 2007).

The content of communication must be adapted to the current situation. When products are (temporarily) unavailable, promotional advertising does not make sense. This specific crisis period also demands the use of different media: less outdoor advertising, more online, and possibly more television and radio advertising. AMA chapter leaders believe that e-mails are more effective than messages on social media. Recent problems with Facebook, Twitter and YouTube also support these sentiments. Some managers use highly targeted unique direct mailings to reach their customers (Steimer, 2020).

Companies that feel the need to reduce their advertising costs can make greater use of 'contact advertising' (blogs, vlogs, articles, press releases, newsletters, updating the website, writing books). Communications in which a brand demonstrates concern for victims of the coronavirus, or responds to the regulations imposed to tackle the crisis, will only have a positive effect on the brand image if they are authentic and connect with the brand identity.

It is possible to reallocate resources by having sales staff carry out other duties, for example assisting with the development of new product ideas and making contributions to content marketing. Now is the time to improve the connection between sales and marketing. As one of the marketing leaders said: 'Sales processes and lead generation have had to change a lot with social distancing, so we've actively pursued ways to help our clients overcome these challenges with an increased digital presence and ways to hold sales presentations virtually' (Steimer, 2020)

CONCLUSION

Covid-19 crisis can also teach us a lot about our recent history. Many companies have a limited vision of what efficiency means. They primarily focus on short-term cost reductions at the micro level, and devote little or no attention to the time, energy, and (ethical background of) production factors used in their operational processes. This limited approach has been taken to an excessive degree at some companies, resulting in large-scale outsourcing instead of in-house production, low stock levels, a high degree of dependence on foreign manufacturers (e.g., in China) and low prices (such as for groceries).

In the future, we will have to pay more for our daily groceries and many services, including healthcare. If this leads to a reduction in demand for products that threaten the future of our planet (transport/travel, for example), this would in itself be a benefit. It may be hoped that the current

developments will lead to creative innovations that will contribute to a more sustainable and ethical economy and society in the post-COVID-19 era. This era should also stimulate researchers to investigate changes in the relevant stages in consumer behaviour, both about (the pre-buying (process) and about the use and disposal of the products and services. We hypothesise that COVID-19 has influenced the steps in the customer journey (Lemon & Verhoef, 2016) for many consumers and many products, but we are not aware of any study in this area. We also need more insights and knowledge about changes in consumer behaviour that are persistent and that are transient. Persistence modeling offers an excellent tool to distribute demand effects over these two components (e.g., see Osinga et al. 2010). This era also affects how we use and dispose of our products, and how we share products (Eckhardt et al., 2019).

To conclude, this era offers many opportunities for marketers to demonstrate their value for companies which either are hurt by COVID-19 or are doing well by facilitating how we deal with the pandemic. The same holds for marketing scientists who study the transient and permanent effects of COVID-19 on consumer behaviour and how marketing strategies and marketing policies can be adapted by organizations.

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