Crisis Marketing 4.0: Crisis as Marketing

Jan Lies

FOM University of Applied Science, Dortmund, Germany

Received Date: 25 September 2021
Revised Date: 27 October 2021
Accepted Date: 08 November 2021

Abstract - Traditional crises marketing is frequently indicated as weak. Even today, marketing often operates procyclical and sometimes is viewed as “bad costs”. Crisis marketing seems to fade away between crisis management (organizational view) and corporate communication with a focus on reputation (stakeholder view). The objective of this contribution is to develop the crises competencies of marketing. Thus, it supports the call to integrate fragmented marketing and communication expertise aiming to satisfy customer needs in crisis and, thus, regain competitiveness within the crisis. To attain this objective, this contribution retraces the evolution of crisis marketing 1.0 to 4.0. It will elaborate on the convergence of marketing and corporate communication as crisis marketing in the digital age. The relevance of crises for customers, e.g., the ongoing pandemic crises, indicates that crises are not just events to react on as “firefighting”, but an occasion for marketing to make brands become customer experience especially in a crisis. Thus, contemporary marketing views crisis as marketing. The applied method is a literature review.

Keywords — Crisis, Marketing, Marketing 3.0, Marketing 4, Digitization, Digitality.

I. INTRODUCTION

Crises marketing relevance evolves rapidly within digital marketing. Digital crises (“fire” or “shit storms”) have become an everyday phenomenon in many markets [1]. Besides, the ongoing corona crisis requires customer crisis management in many markets and beyond to satisfy stakeholder claims [2]. Contrarily, the term and field of action “crisis marketing” is rare in theory and practice (e.g. [3], [4]). This contribution retraces the evolution of crisis marketing 1.0 to 4.0. The aim is to develop contemporary crisis competencies of marketing to contribute to competitiveness within a crisis. It will emphasize that crises are an occasion for marketing communication and management.

II. THE STATUS QUO OF CRISIS MARKETING

Crises, downturns, disasters, emergencies: These terms describe different types of abnormal events, processes, and/or developments that are likely – from a marketing point of view – to damage customer relations and, thus, the market position.

There exist no generally accepted definitions for the term “crises”. Many crises evolve directly within the responsibility of marketing management, e.g., defective products, manufacturing, or product recalls. Other types of crises affect marketing as they impact customer behavior: Misconduct of the management or cyclical decreasing revenues are merely two examples [5]. Product-harm crises are omnipresent today [6]. This contribution focuses on ad-hoc crises that occur unexpectedly and require immediate reactions. Ad-hoc crises include a pandemic crisis as well as operational accidents or scandals.

The outcome of specific research in publications regarding crisis marketing is often considered weak [7]. The reasons are that crisis management is traditionally viewed negatively as “managerial firefighting” [8]. Economic cycles have been neglected for a long time [9]. Besides, a “fragmented crisis management debate” [10] contributes to the weakness of crisis marketing. Crisis marketing seems to fade away between crisis management, including pre-crisis prevention and post-crisis reorganization (organizational view) and corporate communication with the focus on reputation (stakeholder view). In practice, marketing is often viewed as a cost center. Within a crisis, especially advertising and promotions are viewed as bad costs [11]. Hence, marketing and especially advertising typically operate procyclically, which is appropriate to accelerate crisis [12].

Market- and/or product crises typically impact demands and supplies that emphasize the need for marketing know-how to manage a crisis: The following applies Kotler’s staging of marketing to retrace its evolution. Marketing is staged in versions from 1.0 to 4.0 [13]: The origin as a prototype marketing 1.0 puts the core competence of marketing on a product and its distribution. Marketing activities are geared towards this so that the market is at the center. Marketing 2.0 shifts the focus to the consumer. Companies further differentiate from each other as consumers become more self-confident (from the 1970s). The focus of marketing 3.0 is on people. They are determined by values that depend on their environment. Marketing 4.0 focuses on digitalization and thus the convergence of technologies without losing sight of the previous stage. This means an online-offline integration (from approx. 2010 onwards). This marketing evolution will be applied to crisis marketing in the following.
III. THE TRADITIONAL VIEW: CRISIS MARKETING 1.0

Following Kotler’s version, marketing 1.0 means traditional marketing focusing on products. Marketing 1.0 was popular at the beginning of marketing: the inside-out view dominated this early stage of the marketing and allowed crisis management to conceptualize it as an interrupting event that requires a response to find back to growth. Crises are viewed as incidents. The research identified three major factors in (industrial) crises, which include product harm, namely: (1) the company’s reputation; (2) the company’s response to the crisis; and (3) the external effects during and after the crisis[14]. For marketing management, this leads to Clark’s (1988) edge polders of marketing within crises: 1. Threatened marketing goals; 2. The reduced marketer’s ability to control or direct the marketing environment, and 3. Decision or response time is short [15].

Ansoff’s product-market matrix is frequently cited and assumed as a milestone of strategic management [16]. It is conceptualized as a “growth strategy” and, thus, became a strategic instrument also in marketing with diversification, penetrating markets, developing new products and markets[17]. Thus, the product-market matrix represents marketing management within competitive, critical markets. As a “planning tool,” it is more appropriate to apply it as a crisis prevention tool than an operative crisis management instrument. The planning paradigm of marketing in crises has been heavily criticized as “fanciful” and unrealistic to manage a crisis. Instead, more improvisation skills are asked [18]. The contemporary corporate challenges like „disruptive market changes“, „digitization“, „ and „globalization“ require marketing competencies beyond flexible marketing planning[19].

IV. CRISIS MARKETING 2.0: TRADITIONAL CRISIS MARKETING DRIVEN BY THE PRODUCT LIFECYCLE

The shift from marketing 1.0 to 2.0 means focusing on the market instead of the product. In that epoch, management thinking was still inside-out impacted. At least since the demarketing age of the 1970s, marketing was asked to develop impacting crisis marketing competencies. “Resourceful and adaptive marketers will focus their attention on the opportunities rather than on the problems created by change.” [20]Product-harm crises and recalls are probably the most discussed crisis topics within crisis marketing. Crises impact corporations with temporary intensified competition, buying restraint, and increased customer sensibility.

When a crisis of demand decline occurs, management pays more attention to the critical aspects of their external environment. In contrast, managers of failing firms deny or ignore output factors during a crisis and pay more attention to the input and internal environments [21]. Ang et al. [22] studied the opportunities of crisis marketing during the Asian economic crisis of the 1990s. The provided measures follow the traditional marketing mix and are experienced in saturated and, thus, crises facing markets. They contain three approaches to crisis management: 1. Leaving markets without future prospects (e.g., withdrawal from weak markets; pruning marginal dealers); 2. Saving the status quo (e.g., reducing the price while maintaining quality or improving quality while maintaining the price); 3. Measures that are appropriate for setting the future course (e.g., introducing fighter or second-line brands, increasing the use of print media.

Lifecycle marketing has a long tradition in marketing [23]. It plots the development of specific products, brands, or branches and outlines the product lifecycle as a function of success parameters such as profit or rentability. The lifecycle refers to the evolution of product success within their markets. Thus, this model is a market- and not just product-related crisis marketing approach. The course of the product lifecycle isn’t necessarily an inevitable destiny. As soon as products or services arrive at the end of their lifecycle and an exit seems to be avoidable, it is a core competency of marketing to prolong it. Marketing becomes an area of strategic crisis management here [24]. The lifecycle is an inside-out model that views crises as events that impact the strategy. The crisis expertise of marketing 2.0 experiences a renaissance (or fallback) and digitized up-date within the automated marketing of marketing 4.0, which seeks to optimize customer retention by the management of the customer lifecycle, which leads to the shift to the customer focus which shapes marketing 3.0.

V. CRISIS MARKETING 3.0: UPDATE OF CUSTOMER SEGMENTS IN CRISSES

Crisis marketing 3.0 shifts its focus from markets to the value of customers. The consumer represents the ultimate judge of whether the company-in-crisis has successfully managed it or not. A company that faces a crisis needs to take “superhuman effort” to address the problem and avoid current or future harm from using the product [25].

The prioritized requirements of brand behavior within the corona crisis from the corporate’s point of view are to protect employees, suppliers, and their customers. Besides, brands are expected to contribute to solving the crisis. Corporations are also asked to operate as „moral compasses“. The trust barometer of Edelman reveals in surveys within the corona crisis that 72 percent of the customers expect that brands present their empathy and support for corona victims [26]. Contrarily, making a profit through corona has become criticized. This means that the importance of corporate social responsibility and/or purpose-driven branding rises within the pandemic crisis.

Crisis marketing has to adapt its instruments [27]. Crises may lead to contemporary panic buying like hoarding of customers to prepare for the new situation. They may even contribute to permanent consumption displacement [28].
McKinsey identifies four typical periods customers go through within a pandemic crisis and, thus, frame period-related customer segments, which lead to a four-stage model of crisis marketing (see tab.1):

Table. 1 Typical Pandemic Crisis Periods Related To Customer Behavior [29]

<table>
<thead>
<tr>
<th>Pandemic Relevance</th>
<th>Crisis Preparation</th>
<th>Crisis Navigation</th>
<th>Coming Out of the Crisis</th>
<th>Consumption in the Next Normal Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Measures</td>
<td>Executing 3initiatives</td>
<td>Closures of all non-essential retail</td>
<td>Staggered easing of social distancing by risk</td>
<td>Most likely full opening</td>
</tr>
<tr>
<td></td>
<td>Closing down mass gatherings and food service</td>
<td>Stay-at-home and distancing rules</td>
<td>Group and re-opening ofetail with “safe stores”</td>
<td>With the risk of repeated measures if the virus recurs</td>
</tr>
<tr>
<td>Consumer Shifts</td>
<td>Increased demand for packaged goods</td>
<td>Higher demand for fresh food and ingredients</td>
<td>Lower spending, more saving</td>
<td>Potential consumer shifts</td>
</tr>
<tr>
<td></td>
<td>Beginning to shift online</td>
<td>The continued need for hygiene</td>
<td>Cautious return to retail with high hygiene and distancing expectations</td>
<td>Price sensitivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The big shift to the online grocery where available; e-commerce for non-grocery</td>
<td></td>
<td>Higher digital engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Attention to wellness and hygiene</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>“Nesting” at home</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Redefinition of purpose</td>
</tr>
</tbody>
</table>

These crisis period-related consumer patterns provide guidance for corporations to conceptualize and prepare their market activities. They lead to a segmented aspect of crisis marketing. One approach to structure customer crisis segments identifies four typical clusters within downturn markets [30]: 1. The customers of the Slam-on-the-brakes segment are heavily impacted by a crisis and immediately reduce all expenses. Typically, low-income consumers fall into this segment. Higher-income consumers may also be affected if they fear their income to get reduced; 2. The pained-but-patient segment includes the majority of consumers who are not impacted by unemployment. These consumers tend to be resilient and optimistic about the long term. They will turn to slam-on-the-brakes if crisis news doesn’t evolve positively; 3. The customers of the comfortably-well-off segment belong to the better and top incomes. They feel secure within crises and behave as before; 4. Live-for-today-segment-customers carry on as usual. Typically, they are young and urban. They are unlikely to change their consumption until they become unemployed. – These customer types mean that economic crises don’t necessarily require exit strategies but product-specific marketing measures to meet customer needs. Here, the opportunity of crisis as marketing emerges.

Market-relevant crises also may turn into brand crises. Basically, crises mean stress tests for brands. If powerful brands are described as mutual knowledge and expectations lead to brand trust, brand crises are characterized by a sudden loss of perceived brand values [31]. Stressed brands affected by burnout lose the attention, trust, and loyalty of their customers. Distressed brands lose their first choice buyers and replace loyal customers with disloyal casual customers. In general, this is a gradual process but may accelerate within crises[32]. Contrarily, resilient brands provide identification and strengthen customer relations with trust. Strong brands help a corporation manage a crisis. Research results indicate negative consumer perceptions in the case of product-harm crises. The results show less negative perceptions for a high equity brand (i.e., brand loyalty, name awareness, perceived quality) than for a low equity brand; and a smaller loss in consumer perceptions for a high equity brand than for a low equity brand [33]. Here, an updated view of crises becomes apparent. Crises are not to be managed passively but actively [34]. Crisis marketing 3.0 requires agile outside-in thinking supplementing inside-out planning.

VI. CRISIS MARKETING 4.0: “DIGITIZATION” AND “DIGITALITY” FOR INTERACTIVE OUTSIDE-IN DIALOGUES

Marketing 4.0 emphasizes the meaning of digitization. The coronavirus heavily impacted social media and exemplifies the meaning of ad hoc crisis. The first wave of the corona crisis in March 2020 led to a disparate picture regarding the development of social media: On the one hand, it increased the engagement at social media brand sites. On
the other hand, social media advertisement experienced a decline in March 2020 [35]. Facebook experienced the biggest global drop of ad revenues in its corporate history in the opening quarter of 2020 when the first coronavirus wave evolved [36]. This means that the crisis development indicates that digital marketing still operates pro-cyclical.

Research finds that corporations use the web for crisis marketing reactively, not proactively[37].

Contemporarily digitized marketing is frequently discussed, especially regarding social media-, content- and mobile marketing as well as evolving web-based technologies which provide access to marketing intelligence and data-driven solutions. Step by step, they become social engineering techniques that internally shape a culture of digitality to impact customers. Lacking trust and the digital technologies which enable fake news and other elements of digital crisis will probably to a forthcoming age of trust technologies which also will shape digital crisis marketing[38]. Social media are both: driver and amplifier of crises on the one hand and stabilizers on the other hand. The popularity of love- and firestorms represents the two-fold role of digital media for crisis marketing. Shitstorms, as popular digital crises, are powerful institutions that possess the ability to overturn brands. The large numbers of internet users attack brands on social media collaboratively, a phenomenon that we refer to as “collaborative brand attacks” - digital instruments that allow consumers to criticize, control and attack companies, such as consumer associations or consumer rights systems. They indicate the importance of the shift of power from companies to social media users [39]. This shift requires digitized dialogue competency of marketing, which also rises beyond social media. It also emphasizes the convergence of marketing and public relations management as marketing changes its method here: “Edutainment” and “Branducation” instead of “purchase appeal” [40]. The popularity of content marketing is an example of digital inbound marketing [41].

Social media as crowd platforms represent the crucial role of digital media for crisis marketing. At the very beginning of the corona crisis, the research found which brands were appraised within social media mentions (e.g., in tweets, Facebook comments, likes). The top 30 positively evaluated brands include brands like Nintendo (launch of the game animal crossing to ease the time at home in quarantine), Ryanair (waiving rebooking fees), and Chick-fil-A (free meals for employees of hospitals) [42]. These examples represent pro-active marketing. It views crises as opportunities that represent a call to become active [43]. Opportunities are to be met with customer retention, product and services initiatives, and, thus, a period for intensified brand experience. Also, the pandemic crisis is assumed as an accelerator for digitization [44], e.g., digital marketing services like “click and collect”. The precondition is that the brand remains undamaged and presents itself as a smart crisis manager.

The economic crisis also offers opportunities for sales and acquisition [45]. To succeed, sales requires a “defined appetite” and compensation program that rewards appropriate risk-taking. Integrating sales into crisis management fosters a culture in which assessing risk potential becomes an integral part of sales [46]. Studies indicate that investments in research and development contribute to profitability within crises [47]. Crowds as open innovation-driven by customers and the brand community mean to institutionalize outside-in thinking in a corporate structure. The crucial question here is whether a corporation is fast enough to contribute innovations right within a crisis. Especially time pressure and level of threat may exclude this approach as an applicable solution to solve a crisis [48].

VII. CONCLUSION: CRISIS MARKETING – AN EVOLVING COMPETENCY

The product market matrix and the product lifecycle are two traditional models of marketing. They have already included marketing in downturns in the early development of marketing. Nevertheless, the contribution of marketing solving crises has long been assumed as weak, especially as marketing traditionally is operated pro-cyclical, fragmented and inside-out-driven.

<table>
<thead>
<tr>
<th>Table. 2 Crisis Marketing 1.0 &amp; 2.0 vs. Crisis Marketing 3.0 &amp; 4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crisis Marketing 1.0 &amp; 2.0</strong></td>
</tr>
<tr>
<td>- Crises as planning tasks</td>
</tr>
<tr>
<td>- Crises as events</td>
</tr>
<tr>
<td>- Crises marketing as inside-out thinking</td>
</tr>
<tr>
<td>- Crises as re-active marketing</td>
</tr>
<tr>
<td>- Crises as pro-cyclical management</td>
</tr>
<tr>
<td>- Crises as fragmented “managerial firefighting.”</td>
</tr>
</tbody>
</table>

A re-integrated and proactive crisis marketing understands crisis as an occasion to strengthen brands. A precondition for this is that branding is authorized to impact purchase and production processes to guide corporate brand behavior. The concluding table (see tab. 2) indicates a major shift between traditional marketing 1.0/2.0 (market and
product accent) and 3.0/4.0 (customer value and digitization), which are summarized as the “new marketing” here. Marketing 3.0/4.0 doesn’t replace 1.0/2.0 but complements the traditional view. They emphasize at least two findings: 1. Traditional marketing provides contemporary strategic and planning skills, which also impact agility as strategic flexibility of marketing. But traditional marketing is shaped by inside-out thinking; 2. The management of crises also requires outside-in thinking. Crises should not only be viewed as “managerial firefighting” but also as a stress test for brands. The attitude should be to maintain a positive brand experience also in crises. Thus, crises are an occasion for marketing. Marketing before, in, and with crisis provide the understanding of crisis as marketing:

A. Marketing before the crisis: The traditional view of marketing 1.0/2.0 provides strategic and analytic tools to contribute to crisis prevention. Marketing 3.0/4.0 with emphasis on customer values and digitized tools based on marketing intelligence enables corporations to monitor sentiments in real-time and to initiate customer dialogues to scan their claims to prevent market-driven crises.

B. Marketing in crisis: Many crises impact customers and/or they are market-driven. (Marketing) communication is not sufficient to maintain customer satisfaction and keep brand values in those periods of crisis. Especially digital brands are asked to interact with customers. It means a win-win situation to include customers and brand communities into the management of the crisis by developing co-creating solutions to properly address customer needs and to demonstrate an attitude of responsibility of the corporation in order to contribute to a crisis solution.

C. Marketing with a crisis: Crises turn to occasions for experiencing brand values. Brands need to operate with empathy to dose messages and initiatives in accordance with the situation of their communities. The popularity of social media for customer decisions and as digital brand platforms makes crises become eras of interaction and dialogue. Here, a convergence of the methods of management, marketing, and communication, especially public relations management, is to be observed. Consequently, management, marketing, sales, and pr-management have to be integrated into crisis management.

REFERENCES


