
MARKETING COMMUNICATION IN THE BAKERY INDUSTRY IN ROMANIA IN THE CONTEXT OF CURRENT CRISIS

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Abstract

This year, the crisis still persists in all areas of business models in the market and its potential for growth, customer behaviour will change clearly. In this respect, the importance of efficiency will be materialized in the results and objectives. Cutting marketing budgets is not necessarily a solution for companies in this period. Romanian consumers are changing, and if it changes, and then business / SMEs must adapt and therefore communication must adapt. The purpose of this work is to highlight the importance to be given to a fair and consistent communication in time of crisis. This crisis could be an excellent opportunity for many companies who will be held successfully in the mind of the consumer. Therefore, any company must communicate more and better with its customers in time of crisis than in times of economic growth.

Keywords: marketing communication, market segments, crisis, budget marketing, the bakery industry.

JEL Classification: M31, M37, M39

Introduction

This year, the crisis still persists in all areas of business models in the market and its potential for growth, customer behaviour will change clearly. In this respect, the importance of efficiency will be materialized in the results and objectives.

Lately more companies have announced reductions in marketing budget, but at the same time argue that they remain as effective and efficient in dealing with customers. In principle, the "strategies" of these companies is related to communication channels cheapest (Internet instead of TV) or reduce the use of existing channels.

The question to ask is whether these strategies will be sufficient to successfully navigate through the current crisis. These strategies go on the idea of conducting activities as in previous years but with less money. Migration budgets communication channels to cheaper will not help significantly, because this strategy ignores one important thing.

Most markets in Romania were "seller markets" in which producers and traders did not have to apply concepts and strategies very sophisticated in order to stimulate sales. Demand grew from one year to another is determined primarily by increases and changes "uncontrolled" of consumer needs. This will not happen in 2009,

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consumers are not a homogeneous group to generate the same increase in demand as in previous years.

In particular companies that have a portfolio of complex and heterogeneous products or companies that sell the same products or services to multiple segments of customers should reconsider its strategy for sales and marketing.

The objective of such a strategy review is to find answers to the following questions:

- Which of the segments that you serve should focus?
- What are the products that we should focus?
- What is the potential for sales by product and market segment?
- What product segments and should resign in 2009?
- On what products and segments should allocate marketing budgets?
- What should be the criteria for prioritization in the allocation of budgets?
- What are the sales and what to do for them?

To find answers to these questions requires a clear segmentation of customers (in homogeneous groups according to specific criteria - age, consumption, region, industry, etc.) and structuring a portfolio of products. This will allow a more thorough and realistic performance of sales and marketing analysis and determination of indicators, for example the number of products sold on the product group and segment customers.

Such a structure usually involves harmonization of the various departments - sales, marketing, product management, top management - in terms of understanding and evaluating the market and clients. In many companies this internal harmonization doesn't exist. From the perspective of sales, the market is usually structured by types of customers, while usually marketing consider only channels of communication and promotion campaigns, product management and has a perspective-oriented products. In such situations we can speak of a market, but several non-aligned strategy: a communication, a sales and a product which implies an inefficient allocation of budgets.

Correct segmentation of the market / customers is a basic requirement to allocate marketing budgets in a way the company to carry out its market potential. The question that seeks to answer is: "How to set strategy, sales targets and budgets aligned to the marketing potential of the market in 2009 with fair market segmentation?"

1. Evaluation of a potential market segment. This assessment is based on the potential of unexplored market segment and by product, growth rate on the product and market segment, and the inherent potential for growth and product segment. Sources of data for the first two assessments will be an analysis of the external market, while the third indicator may be determined by means of online surveys involving experts from all sales of the company.

2. Evaluation of a competitive market segment. This assessment is based on analysis of their positions in a market segment compared to competition on the profitability by product and market segment analysis and "customer fit" (how well

their products meet customer expectations). Assessment of position in a particular market segment can be addressed through surveys online sales teams. Profitability information is provided, usually the finance department, and evaluates "customer fit" can be done by conducting interviews or surveys with online clients.

Through this approach can identify four categories of market segments and products in terms of attractiveness and potential:

- market segments and products with growth potential over the market;
- market segments and products with growth potential once the market;
- market segments and products improve or divest (do not focus on the activities of sales or marketing);
- Market segments and products with potential.

The potential of a product or segment is the basis for setting priorities in the promotion strategy and marketing objectives for the next period and resources required to achieve objectives. Such an approach ensures use in a way indeed effectively marketing budgets by targeting products and segments with the greatest growth potential.

In times of crisis, the struggle for resources and competition between companies grows. The trend is to reduce budgets consumption and investment, and those who have cash are negotiating power because they have lots of choices from which to choose can. In this context, questions that seek to answer are:

1. How consumers choose?
2. How they decide who to give all his money, fewer and therefore more valuable?

In the mind of every potential customer has a ranking of brands according to their notoriety and prestige. Therefore remain on the market, companies that have created a name, and forgetting is equivalent to death of the company. Therefore, any company must communicate more and better with its customers in times of crisis than in times of good growth. Also, all companies should remind consumers that there is a permanent market for himself and his desires.

It is when the strong companies survive and healthy financial and managerial weaknesses and companies that lose money are eliminated. So each is trying to pen a strategy for survival in the hope of a revival after the crisis. Therefore, the crisis and recession for some is a threat and an opportunity for others.

The best survival strategy for crisis combines the image on the market consolidation - through constant communication with customers, reducing profit margins - by controlling and optimizing costs and an aggressive sales policy. Moreover people who are investing in brand conscious brand that they "take on wave.

A good communicator will respond to consumer confidence and uncertainty conveying messages of safety, strength, stability and strength. Therefore, panic may be reduced with demoting rumours arguments, figures and statistics. Prudent consumer, who wants to make savings companies seeking effective, and a clear

message, sent the firm and at the right time it will reassure the customer that it will be convinced that it will win more than it spent.

In times of recession, companies tend to reduce their marketing costs that depend on their sales that do not have instruments to measure the effectiveness of these investments. Thus, in this situation not only marketing and advertising sales, but satisfy consumer desires in terms of profitability for the company.

Cutting marketing budgets is not necessarily a solution for companies in this period. Romanian consumers are changing, and if it changes, and then business / SMEs must adapt and therefore communication must adapt.

In time of crisis, a correct and consistent communication is absolutely necessary. Moreover, marketing is not a question of falling profits, but a source of growth, which they transmit the idea of consumers increased value of the product.

This crisis could be an excellent opportunity for many companies who will be held successfully in the minds of the consumer. Building and brand development through the adoption of effective brand strategies, marketing plans consistent, are measures that are a "must" for companies.

If the communication concerns a specific target audience, then the choice is right and will generate a positive and favourable image among those consumers. According to the analysis "Optimizing the Marketing Budget in Recession" made by Ogilvy would be continued investment in marketing and communication for the post-recession business is solid. Some companies have succeeded during recession. They see the crisis as an opportunity to develop. While competitors in panic, they make their point plan of growth through sustained investment. Optimizing budget marketing is just one of the problems that these companies face. Those who decide to continue to invest in marketing, benefit, usually for business development, even greater than in a normal period.

In time of crisis consumers are more careful in buying products. Therefore, it can be an opportunity to create effective products and brands. During the recession, companies have the opportunity to gain more market share "than in a normal period. If a company profitable, and would have spent the last cent to continue development. Companies that reduce costs will be difficult and will take longer to return to the pre-recession.

Companies that wish to recover costs in a year after the recession should spend about 60% more on marketing than the amount you have saved it and cut from the initial marketing. Competitors' weaknesses at a time when most consumers can still spend a good opportunity for new business, brands and ideas for companies.

Economic crisis and its impact on the bakery industry in Romania

Agriculture is among the areas that were affected by the crisis, mainly due to the grain exchange crash. The price of wheat and maize was reduced significantly at the end of 2008, approximately 30% -40% less than the previous, much cheaper than a

few months before. This was because there were significant reductions in both the stock exchange in Chicago and the European exchanges.

Players in agriculture are of the opinion that in Romania cereal prices are much lower than in European countries. In this respect, an example may be that the price of wheat in Austria and Hungary is 220-235 Euros / tone and in Romania, tone of wheat can reach 111 euros. In the case of maize, it is sold in Hungary with 130 Euro / tone in Austria with 135 Euro / tone, while in Romania at 85 Euro / tone. These price decreases will lead to the elimination of stocks of cereals and implicitly, to call on imports.

In early 2008, specialists in agriculture estimated wheat production of 7.6 million tones and maize at 8 million tons. However, drought and floods in the summer of 2007 changed goes to farmers who have received only 5.6 million tons of corn.

Although prices on international markets have fallen heavily, at that time, in our country they were well below those values, which led to export about 30% -40% of total production.

Financial crisis has already affected farmers who have turned to loans in recent years and changed the development plans of some, and most of them have dropped several projects that were to run in the next period. The players in industry have delayed modernization projects as requiring large loans, and this period is not advisable to use them. In Romania are around 9.4 million hectares of arable land, of which the greatest 50 players operate about 4% working in the agricultural sector.

Agriculture has felt the effects of the crisis in 2009. Nearly 15% of farmers in Romania are out of business in 2009 because they have failed to resist the market after the financial crisis. In November, the Federation Agrostar asked the Ministry of Labor and Ministry of Agriculture as 50,000 employees to get unemployment technical and investment in the bakery industry has been affected by the economic crisis because of the limitation of access to credit.

The internal milling and bakery reached in 2008, 2 billion euros, up 15% compared to 2007. Consumption of bread dropped in Romania in 2008 to 1.5 kilograms per capita. Meanwhile, with decreasing consumption of bread has been an increase in confectionery products.

Economic crisis since the end of 2008, has affected investments in the bakery industry, estimated at 100 million euros for 2009. Many potential investors have had to resort to loans to make investments, a possible restriction or inability to obtain credit will lead to surrender to obtain them.

Another problem faced by the bakery industry, against the backdrop of economic crisis, is that the dealers who are granted merchandise credit; in the defense of problems in obtaining credit, they are unable to pay the freight and this strongly affects industry.

At the end of 2008 in Romania bread consumption has decreased by 1.5 kg, reaching 112 kilograms per capita per year. The tendency was to place us in the European context, where the average annual consumption of bread was about 80 kg

per capita per year. The internal milling and bakery reached in 2008, two billion, up 15% over 2007.

Conclusions

The best survival strategy for crisis combines the image on the market consolidation - through constant communication with customers, reducing profit margins - by controlling and optimizing costs and an aggressive sales policy.

A good communicator will respond to consumer confidence and uncertainty conveying messages of safety, strength, stability and strength. Therefore, panic may be reduced with demoting rumours arguments, figures and statistics.

In time of crisis, a correct and consistent communication is absolutely necessary. Moreover, marketing is not a question of falling profits, but a source of growth, which they transmit the idea of consumers increased value of the product.

As regards the impact on the bakery industry in our country, the effects were the reduction of investments; one of the reasons is that access to credit has become increasingly restricted. And bread consumption has decreased; the trend is that of our place in the European context, where the average is well below average in Romania.

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