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Marketing in the Post-Crisis World: An Introduction to the Thematic Issue

Armand Faganel

I am pleased to welcome you to this special issue of the *Managing Global Transitions* journal. We could say that MGT is already positioned as an established scholarly journal of the broad management discipline that focuses on important questions of diverse management fields. The purpose of this edition is to provide you with some insights on marketing issues in the post-crisis world. Most of the companies during the recession freeze and wait for the crisis to be over. This phenomenon shows in forms of cutting prices and losing profit, cutting advertising, and dismissing employees. Rising interest rates influences companies to invest less, which leads to lower purchasing power. So during crisis the unemployment grows and leads to lower demand. All this can be reflected in a psychological spiral with more people losing jobs because of lower spending. Consumers will first give up on products that are not tied to high-positioned values. In difficult times, the behaviour of consumers and businesses changes, this is why the time of crisis presents an opportunity to implement marketing and demonstrate its responsibility, equivalent to other business functions. Marketing is in the first line management of product, price, place and promotion and these are characteristics that companies try to reconsider and adapt to in the time of crisis. The knowledgeable, informed and technologically skilled consumer cannot be underestimated.

AT Kearney predicts that the crisis will affect the speed of industries concentration which will require a unique ability to develop market niches for small companies in the new competitive environment. To assure long-term existence of small companies these niches should be international. The project approach is proposed for risk management and to identify the opportunities. Opportunities should be seized in five areas: smart acquisitions, organic growth of market share, focus on growth segments, cost opportunities and opportunities for restructuring. In considering the globalization of business it is necessary to be patient; strategies that work in the home country have to be adapted to different situations in emerging foreign markets.

The authors in this thematic edition frame the issue of marketing wi-

thin the broad ground of crisis, and deal with current views on the role of marketing in society and business in turbulent times. Five articles are included and they represent the truly international character of MGT. David Starr-Glass discusses the theoretical and practical implications of changes in trust for both transactional and relationship marketing as a causative factor of the present recession. By looking inside these two approaches to marketing the article seeks to examine the nature and creation of trust, reciprocity, and wariness. Due to a perceived decrease in trust, some reconsiderations and realignments in strategic marketing are suggested.

Dušan Malindžak, Jaroslav Mervart and Radim Lenort's article is more applicative and is focused on the design of the logistic principles enabling an enterprise to create a strategy flexible in terms of business and marketing, and stable and steady in terms of manufacturing. Their purpose is to suggest how to prepare a strategy for a shorter period and to modify this strategy based on changes in market conditions, a flexible model to adapt strategy fast in the times of crisis.

The third article assesses the state of values and consumption patterns of post-crisis consumers in Slovenia, using methods of online focus group, quantitative and qualitative content analysis of media and documents. Armand Faganel's findings confirm that a slight shift has been noticed from the consumerism orientation toward a more conscious spending attitude, and consumers' values have indicated the change of direction from the individualistic to the community and family driven.

Michael M. Goldman's article deals with post-crisis sports marketing business model shifts. The results of the research conducted at market-leading sports marketing businesses in South Africa show four significant business model shifts, influencing the customer value proposition, agency relationships, revenue models and staffing approaches of sports marketing companies. A suggestion to revisit the business model upon which sports marketing businesses compete in a post-crisis world is proposed.

The final paper is again very applicative; Danijel Bratina presents the research findings of a toy brands sales promotions study conducted pre- and mid-crisis. The research objectives were to determine the impact of economic crisis determinants (lowered purchasing power, increased unemployment rates, changed purchasing behaviour of consumers) on new years' toy sales, in particularly the impact on known brands sales vs. sales of unbranded products. Findings show that although the mean pur-

chase amount had considerably diminished in year 2009, major brands sales had not been affected at all. It represents a clear confirmation of the previously speculated assumption that consumers are not willing to renounce products or services tied to high-positioned values.

In front of you is a successful mix of theoretical and applicative papers, which unveil a small part of the huge field of marketing in special circumstances. Consumers' values, needs and perceptions are constantly changing, so the science and practice of marketing has to evolve too. I wish you a lot of pleasure in reading the pages.

Trust in Transactional and Relationship Marketing: Implications in a Post-Crisis World

David Starr-Glass

The financial crisis, which began in America in mid-2007, developed into a deep and protracted recession with associated negative social dimensions. One of the causalities has been trust, specific and generalized, in marketplace transactions. This theoretical paper considers instrumental and symbolic value associated with social exchange. It examines the nature and creation of trust, reciprocity, and wariness. Marketing practice is now understood to take place within a pluralistic marketplace in which both transactional and relational perspectives have assumed greater strategic clarity. This paper considers the likely impacts of a decrease in trust on buyer and seller expectations and the consequences for transactional and relational marketing dynamics. Suggested reconsiderations and realignments of strategic marketing are considered.

Key Words: marketing, relationship marketing, transactional marketing, consumer trust, social exchange

JEL Classification: D81, M31

Introduction

The bubble started to burst in the summer of 2007. Financial bubbles inevitably burst, but that inevitability always seems misplaced during their growth phase. Many factors inflated the asset bubble: a booming real estate market in the us; peculiarly generous and deceptively affordable mortgages; securitized debt and repackaged mortgages; real estate loans disguised as arcane derivatives; speculative investment and reckless risk-taking; and, a rapacious appetite for cash bonuses based on short-term and unsustainable results. After the bubble ruptured, governments rushed in with unprecedented bailouts, pumped money into the economy, eased liquidity, tried to dissipate financial chaos, and sought to restore confidence in the battered financial sectors. Private debt was quickly transmuted into public debt. Before long, governments appreciated that

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their intervention had an unprecedented cost that would not be recouped from a fast economic rebound. Austerity programs transferred the bankers' burden onto taxpayers' shoulders. Reckless corporate activity (such as the BP oil spill in the Gulf of Mexico), and government irresponsibility (such as the sovereign debt crisis and the stress on the Euro), only added to a general sense of crisis and mistrust.

Marketers were quick to understand the implications, short and long-term, associated with this crisis. In a special edition of the *Journal of Customer Behavior*, Michael Baker (2009) reminded us that marketing in times of adversity is a recurring, cyclical phenomenon. In the same edition, Evert Gummesson (2009,119) highlighted the recurring problems of contemporary social sciences, including economics and marketing, that 'shun the complexity of the real world and stay snug in a simplified world of statistics, shallow analysis, and outdated theory.' How can we come to a better understanding of the sense of adversity that the financial crisis brought to marketing practice? How can we move to a reconsideration of the fundamental elements of marketing that accept complexity, move to a bolder theoretical consideration, and embrace contemporary multidisciplinary theory?

A significant casualty of the financial crisis has been trust and confidence, both general and specific. Understandably, within the financial sector, the repair of relationships and the restoration of trust have been identified as crucial issues (Gounaris and Prout 2009; Schanz 2009). Within the corporate sector, even before the financial crisis impetus, organizational irresponsibility and erosion of business credibility have been considered critical (Jackson and Nelson 2004; Porter and Kramer 2006). Marketing also has been impacted by an erosion of trust and consumer confidence. To address this, we must consider the formation and preservation of trust within the basic exchange mechanism that underpins all marketing efforts.

This paper considers trust as a significant aspect of any marketing relationships. Trust and confidence are only partially located within the exchange process itself. To the degree that this process is embedded within a broader social and economic framework, trust is also shaped by exogenous factors.

The paper first reviews the construct and proxies for trust in marketing research. It then focuses on marketing in terms of a sociological exchange mechanism raising issues such as trust, reciprocity, and wariness in that exchange process. The next section locates social exchange

theory, in terms of instrumental and symbolic value, within a pluralistic marketplace in which firms and practitioners seek to create both transactional and relationship marketing strategies. The concluding section considers shifting trust and commitment, generalized and firm-specific, in the continuing shadow of the protracted financial crisis and examines implications for marketing strategies.

Trust: Constructs and Proxies in Marketing

Trust is a significant aspect of marketing and many social disciplines. Attempts to identify, define, and measure it have led to an expansive literature that contains 'a bewildering array of meanings and connotations' (Taylor 1989, 85), 'a confusing potpourri' (Shapiro 1987, 625), 'a conceptual confusion' (Lewis and Weigert 1985, 975), and 'a conceptual morass' (Carnevale and Wechsler 1992, 472). Against such a background, it is inevitable that any discussion of trust will be complex and contentious. It is equally clear that different definitions of 'trust' will emerge, and have particular salience, for different disciplines.

For instance, trust has been conceptualized in psychological terms with cognitive, affective, and behavioral components (Johnson and Grayson 2005). It has been considered from a sociological perspective with the interesting insight that affective trust, rather than cognitive trust, is more likely to suffer when dissatisfaction accompanies exchange relationships (Lewis and Weigert 1985). From a broad sociological perspective, trust is understood as deriving from social forces and norms and (Barber 1983, 165) 'socially learned and socially confirmed expectations that people have of each other, of the organizations and institutions in which they live, and of the natural and moral social orders, that set the fundamental understandings for their lives.'

Within the marketing literature trust is often linked with, and expressed through, other constructs such as 'customer commitment' (Morgan and Hunt 1994), 'loyalty' (Doney and Cannon 1997), and perceptions of the firm's 'reputation' (Cravens, Oliver, and Ramamoorti 2003; Falkebreck and Wagner 2010). In many of these contexts, particularly in international settings, national characteristics (Hofstede 2001) have been taken as partial proxies for expressions and attributes of trust and reciprocity.

Trust considerations also vary depending on the marketing sector under discussion. For instance, 'loyalty,' 'trust,' and 'trustworthiness' are identified as significant issues in supply and distribution chains (Liker

and Choi 2004), in corporate alliances (Muthusamy, White, and Carr 2007), in virtual marketing (Jarvenpaa and Tractinsky 1999), and electronic commerce where exchange parties are unknown to one another (Gefen, Rao, and Tractinsky 2003). In all of these different contexts, disagreements as to a relevant and comprehensive definition of trust present challenges in its operationalization, measurement, and validation (McKnight and Chervany 1996; McKnight, Choudhury, and Kacmar 2002). This, in turn, precludes, or at least potentially compromises, comparison of research findings (Raimondo, nd).

In the present paper, trust is considered as an element of social transactions, specifically in those concerned with exchange. This sociological perspective resonates with the classic paper of Richard Bagozzi (1975) in which he considers marketing as an exchange process. The working definition used is that of Mayer, Davis and Schoorman (1995, 712) who say that to trust is 'to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.'

Social Exchange and Trust: Antecedents and Consequences

Marketing is a social science, embedded in existing social systems. To understand the role and consequences of trust, or its absence, it is necessary to consider the underlying dynamics of social exchange mechanisms. In this consideration five elements are significant:

- *Instrumental and symbolic value associated with the exchange.* Exchange can take place between actors based on instrumental value, symbolic value, or an amalgam of both.
- *Trust and reciprocity.* A requirement, and also a consequence, of many exchanges dynamics is trust and reciprocity. The requirement for, and the level of trust and reciprocity varies with the nature and frequency of the underlying exchange.
- *Specific and generalized trust.* Trust can be specific to the actors and context, or it can be a more diffuse and generalized perception of the actors (buyers and sellers).
- *Locus of control and allocation of responsibility.* Trust may become perceived in either specific or generalized terms, specific based on a number of circumstances. One of the moderating factors, essentially a psychological construct, is the extent to which actors lo-

cate control and responsibility for exchange outcomes in the other (agency) or an impersonal contextual environment.

- *Buyer and seller wariness.* In contexts where there is a reduction in generalized trust, both buyers and sellers approach exchange situations with increased wariness as to outcomes.

Marketing is involved in exchange processes that are both instrumental and symbolic in nature. Increasing symbolic value in the exchange generally requires, and generates, higher degrees of trust. To appreciate the marketing implications of reduced generalized trust, and its replacement by wariness, each of these five elements is now considered in some detail.

INSTRUMENTAL AND SYMBOLIC VALUE

A significant, some would say defining, aspect of social systems is the mutual exchange of benefits between members. Sociologist George Homans (1958, 606) understood basic social behavior as consisting of 'an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige.' Exchange allows for connection and linkage between social actors. It also reveals and sustains social structure. Emerson (1972, 60) noted that 'the concept of an exchange relationship, and the principles which surround it, provide a basis for studying the formation and change of social structures as enduring relationships among specified actors, with the exchange relationship as the structural unit.'

Exchange can occur between those unknown to one another. Here, the exchange predominantly focuses on the instrumental, or utilitarian, value of the exchanged goods and services. Impersonal marketplace transactions characteristically have a fixed price, and buyers may be acutely price-sensitive. Classic economics, as a discipline rooted in social exchange activity, is concerned with the nature, dynamics, and perceived value of instrumental, or utilitarian, transactions in which instrumental value is transferred between the parties involved.

In impersonal, non-repeating instrumental transactions, there is always a question as to whether, or the degree to which, those involved will actually do what they claim they will do. Often, and obviously originally, there is no history of prior behavior. In such exchanges, trust is - in a sense - external to the participants. They have limited confidence in personal trust; rather, they are relying on the fact that they are situated in a broader society that has accepted norms, rights, assumptions and enforceable sanctions. Exchange parties look to this external

framework rather than to personal attributes or sentiments. They derive confidence from the existence of external regulatory bodies and legal frameworks. Non-personal marketplace exchanges can, but usually do not, create trust bonds between participants: each is free to repeat the transaction with the other or seeking someone else. Unfortunate exchange experiences are remedied by external norms and institutions and not by the goodwill of the exchanging dyad. It is from such a perspective that instrumental exchanges have been considered 'trade pure and simple' (Malinowski 1922,189).

Within exchanges, however, there is a symbolic value, which might be slight or significant. When exchange is seen in terms of a transfer of symbolic value, the act is associated with a personal quality that conveys information and creates links of sentiment and affective bonds. When high levels of symbolic value are involved, the exchange can be seen as a gift that is given without any anticipated reciprocation or enforceable obligation. Unlike instrumental exchanges, repeated symbolic-value exchanges acquire increasing value as the trust and reciprocity potential develops. Trust and recurring exchange represents an expression of reciprocated behavior, expressed sentiment, and relational continuity. There is no need for external regulation or assurances. The relational possibilities brought into existence imbue it (Uzzi 1996, 678) 'with qualities and value beyond what is at hand.' Exchange activity that originates as instrumental exchange may, in the course of repeated transactions, develop into a commitment between those involved regarding future dealings and acts of reciprocity (Lawler and Yoon 1996; Lawler, Thye, and Yoon 2006).

TRUST AND RECIPROCITY

Reciprocity entails the (Molm, Schaefer, and Collett 2007,199) 'giving of benefits to another in return for benefits received.' Reciprocity is technically present in both instrumental and symbolic exchanges; however, it more critical and apparent in the latter. Ongoing acts of reciprocity give exchanges a deeper meaning, reduce the uncertainty in the relationship, increase trustworthiness and trust between the parties and, at an aggregated communal level, contribute to the creation of social capital (Dolfsma, Eijk, and Jolink 2009; Paxton 1999)

Trust is a construct that is evidenced in at least three ways: between individuals (for example the dyads engaged in social exchanges); between individuals and the impersonal entities with which they are dealing; and

between individuals and society generally. Trust is also moderated by perceived differences in power and, in such contexts, can be understood as the disposition or necessity to manifest the truth.

Trust is a necessary prerequisite for the initiation of symbolic exchanges even when it places one party in a position of vulnerability, with risk constituting a dimension of that vulnerability. Repeated exchange results in a history and an anticipation of behavior, which reflects in the associated degree of trust. Anticipated behavior is more quickly established with specific individuals, rather than with the impersonal; nevertheless, social actors do develop and revise perceptions of trustworthiness about non-personal systems and organizations (Giddens 1990). Trust and reciprocity are also moderated by cultural and national values factors (Walsh and Beatty 2007): some cultures placing great importance on the establishment of interpersonal trust; some on the importance of reciprocity in social exchange settings (Kriz and Keating 2010).

SPECIFIC AND GENERALIZED TRUST

Trust is both an antecedent and product of exchange. Initially, where the exchange partners do not know one another, trust has to be created albeit provisionally. While this can be negotiated fairly easily in face-to-face transactions it is more challenging with distanced or virtual transactions (Kim and Benbasat 2009; Sutanonpaiboon and Abuhamdieh 2008). Trust provides value by reducing risk in future dealings between the parties. Buyers may recognize the growth of specific trust in repeating exchange patterns and yet question the trustworthiness of the seller because of occurrences external to the relationship.

For example, Ouyang finds that, while customers rated highly the service quality provided by a (Taiwanese) financial institution, this sentiment was not positively correlated with their levels of satisfaction or loyalty. He suggests that (Ouyang 2010, 83) 'investors suffered from enormous losses resulting in reducing their loyalty even though they were satisfied with the "service quality" of financial consultants.' Investors presumably differentiated between affective trust derived from their personal exchanges with financial consultants, while cognitively realizing that institutionally their bank was untrustworthy in financial exchanges. Specific attributions of service quality in transactions can be overshadowed by the recognition of risk and untrustworthiness that are external to the exchanging parties.

It is important to underscore that the social actors in exchange situa-

tions are themselves embedded in a wider social and economic context, which may alter perceptions of the relationship. In considering general climates of trust, there is some support for believing that generalized buyer trust is a prerequisite for marketplace trust and that generalized trust is itself mediated by trust in specific firms (Grayson, Johnson, and Chen 2008). The extent to which generalized trust and trustworthiness are salient is undoubtedly something that will receive more research and investigation in light of the ongoing repercussions of the financial crisis. To borrow from the lexicon of the crisis itself, 'contagion' might not be a feature of financial assets but may also characterize trust relationships in exchanges.

LOCUS OF CONTROL AND ALLOCATION OF RESPONSIBILITY

Trust in relationships also hinges on the perceived locus of control, which is a psychological construct referring to the extent that individuals believe that rewards, success, and negative consequences come directly from their own actions and not from arbitrary, uncontrollable external forces. Control over life issues is figuratively located either within or outside the person (Levenson 1981). The construct has been narrowed to consider more specific contexts, such as in workplace relationships (Ng, Sorensen, and Eby 2006; Wang, Bowling, and Eschlem 2010).

In market situations, locus of control means that the buyer may attribute unexpected results in the exchange transaction to the general marketplace and not the specific seller. Trust would be negatively impacted if the seller did not complete the exchange as originally agreed upon. A generalized lack of trust in a wider economy or social environment, however, can shift the breach of trust away from the individual seller and onto the world beyond his/her control. In chaotic and turbulent economic times, buyers may appreciate that the locus of control in exchanges are not exclusively within the personal control of individual sellers.

BUYER AND SELLER WARINESS

Climates of generalized trust reduction may have specific effects on buyers considering exchanges. Trust, however, is not the only consideration and it is open to further research to establish the extent to which it is the prime moderator in exchange decisions. Here, the concept of 'buyer wariness' is introduced to include a cluster of personal, social, and economic factors that undoubtedly have an impact on prospective buyers. Wariness is not simply the lack of trust. The construct tries to capture

a set of attitudinal factors that might influence buying decisions in the troubled economic times.

- *A heightened perception of instrumental value.* When an anticipated economic recovery is tenuous and uncertain; when unemployment levels are high and unemployment duration is very long; when basic commodity prices increase without apparent market shortages; when employees are asked to work longer and harder without increased pay; when credit is restricted or unavailable, buyers experience or perceive spending constraints. The effects are not restricted to income but to the risk associated with future financing streams. Even if not directly impacted, buyers may perceive discretionary spending as a critical factor in expenditure decisions.
- *Decline in generalized or specific trust.* As suggested, it may be perceived that trust, in either the transactional partner or the marketplace generally, is problematic. An erosion of trust, increased risk assumption in subsequent dealing, and the symbolic value of that risk reduction all become part of the desired total exchange value.
- *Lifestyle reappraisals and repercussions.* The events surrounding the financial crisis and its protracted and painful aftermath may stimulate long-term reconsiderations, not only about the mechanism of markets but about underlying economic assumptions, societal values, and ethical and moral behavior. 'Greed is good' might have been the battle cry a decade ago in America; however, today it rings hollow, broken, and perverse. Part of buyer wariness might be shaped by, and find expression in, growing attitudinal and lifestyle shifts regarding consumerism, communitarianism, and holistic and ecologically balanced buying behavior (Etzioni 2009; Pirson and Lawrence 2010; van Staveren 2009).

To the degree that buyers become more wary in marketplace exchanges, it is anticipated that they will favor instrumental transactions, or at least place more emphasis on the utility provided by transactions and reappraise the value presented by symbolic transactions. Buyer wariness is here understood as a rational and predictable response to changed economics or circumstance. The construct 'reciprocation wariness' is also found in the literature. Zhang and Han (2007,509) define it as the negotiators' belief that 'they must be cautious about either initiating cooperative behaviors or responding cooperatively to avoid being exploited in the negotiation.' While caution and aversion to exploitation may be an

element of exchange negotiations, it seems that reciprocity wariness is more a psychological perspective or personality trait, more significant in interpersonal relations and organizational contexts (Cotterell, Eisenberger, and Speicher 1992).

Many of the concerns and wariness of buyers will be reflected in the offers of sellers. Potential changes in price structure, uncertainty in fulfilling future deals, and concern about the ability to meet buyer expectations, present relational challenges for the seller. On the other hand, the advantages of repeating orders and lowered exchange costs may well suggest to sellers that relational marketing is a preferred option. Wariness regarding the trust, reputation image, consumer confidence, and consumer loyalty within which relationship marketing is embedded will undoubtedly present challenges.

Transaction and Relationship in Pluralistic Marketplaces

The analysis above indicates that social exchanges can have varying degrees of transactional (utilitarian) or relational (symbolic) value. Within the marketing community, the traditional emphasis was on transactional exchanges in which buyer and seller were primarily focused on deriving instrumental benefit from their transactions. In the 1990s, many marketing researchers more fully recognized the long-term and strategic value of moving from transactional exchanges to relational ones, where the aim was to engender deeper social connections, develop trust, and increase affective regard between buyer and seller (Kanagal 2009).

Relationship, or relational, marketing suggests a significant realignment of marketing communication, engagement, and strategic agenda and was seen by many as representing a paradigmatic shift (Gummesson 1999; Morgan and Hunt 1994; Sheth and Parvatiyar 2000; Vargo and Lusch 2004). Jaqueline Pels and Michael Saren (2005), for instance, suggest that transactional marketing is a firm-centered activity for creating value through discovering and meeting consumer needs within a rational environment. Relationship marketing sees value, both instrumental and symbolic, as the co-creation of networked actors including firms, customers, suppliers, and other stakeholders and which takes place in a dynamic environment altered by the participation of these players (Evans, Mavondo, and Bridson 2008).

Not all exchange situations necessarily lead to, or are enhanced by, a relational approach. The marketplace is a dynamic in which different buyer and seller perspectives find expression. While marketers have often

sought to shape exchange relationships in terms of relational perspectives, firms as well as buyers may prefer transactional relationships (Pels, Coviello, and Brodie 1999; Peterson 1995). There is much evidence to suggest that marketplaces, from this perspective, are 'pluralistic' and that a diversity of transactional/ relational exchange patterns does, and should coexist (Pels 1996 and 1999; Pels, Coviello, and Brodie 2000). Choices and decisions, both for the buyers and the sellers, as to whether a transactional or relational approach is preferable arise from (to rephrase Bagozzi 1975,78) the 'set of social actors, their relationships to each other, and the endogenous and exogenous variables affecting the behavior of the social actors in those relationships.'

Buyers and sellers, depending on what they perceive to be beneficial endogenous and characteristics of a presumed relationship and the exogenous features of the transaction, will prefer to initiate, or sustain, transactional or relational exchanges. Lindgreen and Pels suggest a dyadic approach to marketplace situations in which the salient feature is (2002,72) 'the relationship between the seller's offer proposition, the buyer's need structure, as well as the perceptions each party has of its counterpart.' The buyer's needs and perceptions of the situation might lead to a preference for either a transactional or relational exchange. Similarly, the seller's offer might suggest that either a transactional or relational exchange is intended.

It should be kept in mind that all of these outcomes exist potentially within a specific marketplace context, embedded within social and cultural norms, and dependent on the perception of the exchange offers and representations of buyer and seller. They represent possibilities of action and response. All outcomes are possible although, as indicated, some may be unstable and unsustainable in the long term. Each scenario embodies the predispositions and preferences, in the form of a cluster of needs, interest, and desired outcomes held by each of the exchange partners.

Challenges, Opportunities, and Strategies under Diminished Trust

The initial destructive force of the financial crisis has now passed. Its continuing shock waves, however, have significantly altered the economic and social landscape. Many aspects of this changed landscape are unclear, and significant shifts and strategies are still emerging. One interesting aspect is whether society in America, and to a lesser extent Europe,

Transactional seller	Relational seller
<p>1</p> <p>Buyer/seller expectations satisfied. Essentially instrumental exchange dynamics.</p>	<p>3</p> <p>Mismatched intentions. Seller encourages relations shift or reverts to transactional offer. Buyer enjoy 'free ride.'</p>
<p>2</p> <p>Mismatched intentions. Customer dissatisfied but held 'hostage' by buyer perceived to be more powerful. Seller encourages transactional shift or institutes relational offer.</p>	<p>4</p> <p>Buyer/seller expectations satisfied. Essentially symbolic exchange dynamics.</p>

FIGURE 1 Transactional and Relationship Encounters in a Pluralistic Environment (adapted from Lindgreen and Pels 2002, figure 1)

will perceive the post financial crisis as a temporary aberration amenable to correction, or whether the crisis will serve as a tipping point for a more inclusive and holistic reappraisal of issues such as consumption, quality of services and products, and economic and sustainability concerns.

This article has considered specific and generalized erosion of trust, particularly from the buyer's perspective. Some general trends, expectations, and strategies might be possible. More active research, however, is required to monitor changes in trust perception, buyer wariness, and consumer behavior. Implications for those engaged in the pluralistic marketplace might be summarized as follows:

TRANSACTIONAL SELLER/TRANSACTIONAL BUYER (CELL 1)

Buyer and seller wariness, and not simply trust erosion, will probably move many market participants into a Cell 1 position. While all exchanges carry some degree of symbolic value, that value may be perceived as diminished or less predictable in terms of reciprocity. Priority on instrumental value, together with trust reservations, will require marketers to accentuate guarantees provided by regulatory agencies and parties external to the exchange.

While sellers may consider implementing relationship marketing strategies, these approaches will not satisfy consumers who see symbolic value as blurring, or perhaps substituting for, underlying instrumental va-

lue. As has been noted, there is much evidence to suggest that exchanges that start as instrumental in nature, transform - in time - to relationships with symbolic value (Lawler and Yoon 1996; Lawler, Thye, and Yoon. 2006). With increased buyer wariness, however, there might be closer scrutiny of the instrumentality of the exchanges together with hesitation, reluctance, or indifferences to symbolic value.

TRANSACTIONAL SELLER/RELATIONAL BUYER (CELL 2)

The notion of 'hostage' comes about because the buyer is unable to change the seller's approach and looks for alternatives that contain higher symbolic value. Buyers, however, may generally have a lower interest in relationship marketing strategies when trust is low, and be induced to accept the benefits of exchanges communicated by transactional sellers.

Buyers may be sensitized to price and targeted promotions. It is observed experimentally (Molm, Schaeffer, and Collett 2007) that even when trust and relational perspectives are desired, and even when these have been evidenced by prior dealings, wary buyers often revert to purely transactional exchanges. It might seem that in times of diminished, or eroded, trust that the 'hostages' are not so tightly contained.

RELATIONAL SELLER/TRANSACTIONAL BUYER (CELL 3)

Marketing philosophies, or strategies, that prefer ongoing relationships may favor buyers who are primarily interested in instrumental value but willing to take advantage of the additional symbolic value that the seller claims. In uncertain economic times and troubled marketplaces, free rider buyer strategies would seem to be a relatively risk-less option, provided that the exchange is perceived as providing instrumental satisfaction. Marketers pursuing relational strategies must demonstrate instrumental utility in their exchanges as well as communicating transparent, reliable, and trustworthy relationships.

While short-term buyer preference might be for transactional engagements, sellers will attempt to convert buyers into long-term exchange relationships. Such relational strategies may result in long-term cost advantages via customer loyalty, preference, and trust; however, buyer wariness and heightened sensitivity to instrumental value will become key issues that must be recognized, responded to convincingly, and negotiated through communication channels. Buyer preferences may be more a pragmatic response than a deep personal bias, and moves to and fro be-

tween transactional and relational perspectives do occur (Molm, Schaeffer, and Collett 2007).

RELATIONAL SELLER/ RELATIONAL BUYER (CELL 4)

Marketplace transactions do not necessarily, or naturally, develop into relational ones. While the perception and availability of symbolic value is advantageous to buyer and seller, such relationships are outcomes of trust and complicated by wariness. To the extent that specific or generalized decline in trust takes place, buyers and sellers may find it too costly, or unrealistic, to restore that trust and continue with relational transactions; instead, they may move towards a transactional approach. Prior exchange patterns may have created a relationship between buyer and seller; however, that relationship is not immune to altered external factors.

Marketing strategies are grounded in an analysis of external strengths and weaknesses and external threats and opportunities. Changes in the external environment may result in reevaluation of the desirability of relational approaches, both as seller strategy and buyer behavior. Buyer and seller acceptance of relationship marketing relies on the clarification of the presence and mutual advantage of symbolic value. Volatility in buyer behavior will probably become more significant so long as consumers remain skeptical about trust issues.

In the wake of the financial crisis, perceptions shift in ways that make consumer wariness a more critical construct. Ongoing analysis of markets and segments is required to understand the extent, and the repercussions, of heightened wariness and diminished trust in the exchange situation.

Trust in marketing is a significant but often under-appreciated factor in all exchanges and attempts at creating and sustaining relationships. The next few years will present both challenges and opportunities for marketers to revisit their operational philosophies and to examine current strategies. The ongoing post-crisis turbulence and sustained economic downturns, suggest that the situation has changed significantly. Whether that change is transitory or permanent is still a matter of speculation and concern.

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The Logistic Principles for Fast Flexible Strategy Design of the Company in Crisis Time

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Jaroslav Mervart

Radim Lenort

The article deals with design of the logistic principles enabling an enterprise to create a strategy flexible in terms of business and marketing and stable and steady in terms of manufacturing. In order to create a strategy model the following principles can be applied: shortening the period of capacity planning combined with flexible planning, SYNCRO - MRP (Material Required Planning) principle, the application of forecasting in capacity planning, creation with partners of one of the cooperation forms such as supply chain, demand chain, lean supply chain, agile supply chain, leagile supply chain, and using the DBR (Drum Buffer Rope), APS (Advanced Planning System) and scp (Supply Chain Planning) systems. The article describes application of this principle for model design of the flexible strategy for Chemosvit fólie a. s. company, and the results of this application in the crisis time 2009-2011.

Key Words: SYNCRO-MRP, capacity planning, forecasting, supply chain, demand chain

JEL Classification: C51, L1

Introduction

In the time of a crisis and uncertainty, the basic philosophy of management is to prepare a strategy for a shorter period and to modify this strategy based on changes in market conditions, i. e. to prepare a flexible model - fast adapting strategy (Yonshuang, Takala, and Malindzák 2009), the strategy of a fast and dynamic change. Usually, strategy should be prepared for a longer period of time as it globally focuses on strategic

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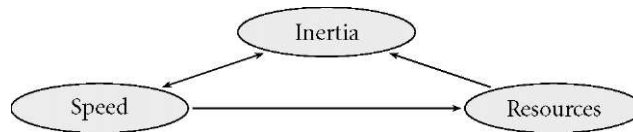


FIGURE 1 The relation of speed, inertia and resources (adapted from Yonshuang, Takala, and Malindzak 2009)

goals significant for the company. How dilemma can this be solved? (cf. Chandler 1962; Krawczyk 2008.)

If we do not adapt production strategy to the market changes and stick to some static strategy, it can lead to the loss of our market share and the loss of competitiveness. It is difficult to change technologies or to change manufacturing - this requires large-scale investments (Malindzak and Takala 2005). A more cost-effective and faster solution is to change the logistic principles and rules strategy of the enterprise so that it would be based on new organization, coordination, production planning, flows and chains.

The application of a 'fast strategy' is influenced by the speed of changes, by the inertia of the system and by the capacity of resources (see figure 1).

The speed of changes is the matter of selected processes, on which a strategy is to be built, i. e. those processes that will bring the most extensive and the most beneficial change at the lowest costs. Comprehensiveness and costs are proportional, i. e. the more comprehensive way a change is prepared and implemented, the bigger are costs required (Barros and Hilmola 2007).

There are logistic principles and approaches to the preparation of a flexible business and production strategy that arise from generally applicable models applied in Slovak enterprises, as described in the following article (Takala 2002).

The Principles and Approaches to the Preparation of a Flexible Strategy

The antagonism between manufacturing stability and market instability i. e. business/trade flexibility is characteristic for any crisis. The market forces the enterprises to adjust the performance for the following reasons:

- reduced volume of orders (some enterprises push down their business activities due to the crisis);

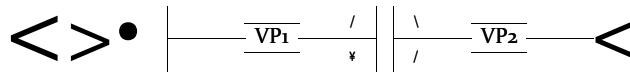


FIGURE 2 Syncro-MRP principle (vp1 - the first part of the manufacturing process, vp2 - the second part of the manufacturing process; adapted from Malindzak and Takala 2005)

- the increased number of small orders (enterprises are faced with orders of products in small quantities due to the uncertainty of orders they get from their customers);
- production is bigger than demand, companies trip each other up through their prices;
- product prices are reduced;
- productivity falls;
- insolvency increases.

Reduced uncertainty, higher manufacturing stability, uniform capacity utilization, maintained employment level etc., and at the same time maintained market share, due dates met, manufacturing productivity maintained, all these are the goals of enterprises in the time of a crisis. This dilemma can be partially solved by the following logistic principles and approaches.

SYNCRO - MRP

This strategy was applied in Toyota Motors Corporation for the first time. It is based on the idea of dividing the manufacturing process into two parts in terms of planning (see the figure 2).

VPI - This manufacturing process is organized as make-to-stock production. It is mainly the production of universal parts and semi-finished products (e. g. clinker related to cement production), which is identical or similar for many products, i. e. planning is performed in the VPI part by the *push* system, and planning is of a statistic and flexible type. vP2 - is make-to-order production, i. e. flexible towards customers, and planning is performed by the *pull* system.

The point of contact of these two logistic procedures e. g. A - is a break-even point. It arises naturally from the structure of production process, for instance VPI - is parts manufacturing, and vP2 - is make-to-order production, which is flexible in relation to market requirements,

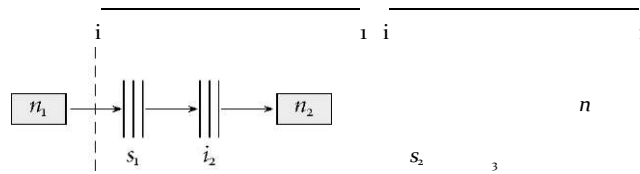


FIGURE 3 Supply Chain Application (i_1, i_2, i_3 - the entry warehouses of n_1, n_2, n_3 enterprises, s_1, s_2, s_3 - the exit warehouses of n_1, n_2, n_3 enterprises; adapted from Malindzák and Mervart 2010)

e. g. final product assembly. Warehouse A is often in front of the bottleneck of manufacturing process.

The volume of the inter-stage inventory of Warehouse A is based on a protective buffer. This for instance, means a weekly delay, i. e. the amount released from Warehouse A in week n for the vp_2 manufacturing process will be scheduled for VPI production for the following $(n + 1)$ week, i. e. VPI produces for the warehouse and at the same time for the orders considering the above weekly delay. This enables one, at least for part A, to maintain a stable and uniform manufacturing mode at the expense of higher inter-stage inventory in warehouse A.

SUPPLY CHAIN (SCH)

If the company does not have orders for several weeks in advance, one of the options for this situation long-term solution is to chain/link enterprises and to create a supply chain (Lambert 2008; Goldman, Nagel and Preiss 1995).

For example: enterprise n_1 receives or gains the manufacturing plan forecast of enterprise n_2 , and n_2 enterprise will specify how big the stock produced by n_1 should be, e. g. in t_1, t_2, \dots, t_n period in the exit warehouse of n_1 company. The same will apply for n_3 enterprise, which will specify the volume of inventory for the same t_1, t_2, \dots, t_n period as in n_2 enterprise etc. (see figure 3). This will enable one to manage these enterprises in the long run and to increase the uniformity of production, to create optimum production batches, and to generate internal orders by accumulation of a larger number of orders for a longer period of time. This all, however, is just a forecast. As a part of this forecast, business is carried out on the basis of particular orders. The supply chain is mostly initiated by the companies with the strongest position in the chain or based on the agreement of all companies becoming a part of this chain (Gros, Grosova, and Dyntaxa 2009; Gros and Grosova 2004).

Lean Supply Chain

Lean thinking was conceptualized to apply to all activities in the firm and across the companies in the supply chain. Lean thinking in the supply chain is the use of lean principles to align activities across corporate functions within the firm and to manage business relationships with customers and suppliers (Lambert 2008).

To begin with, a lean supply chain seeks to reduce wastes found anywhere in the supply network, standardize processes across traditional, vertical organizations, and optimize core resources. Lean supply chains seek to create customer-winning value at the lowest cost through the real-time synchronization of product/service needs with the optimum supplier. Achieving such objectives requires the supply chain to be responsive (capable of meeting changes in customer needs for requirements such as alternative delivery quantities and transport modes) as well as flexible (adapting assets, pursuing outsourcing, and deploying dynamic pricing and promotions). Finally, lean supply chains are dedicated to the continuous improvement of people and processes throughout the extended supply chain (Ross 2008).

Abbott, Manrodt, and Vitasek (2005) identified six attributes of lean supply chain capabilities:

1. Demand management capability - an underlying tenet of the lean philosophy is that the product should be 'pulled' by actual customer demand rather than 'pushed' into the market;
2. Waste and cost reduction - in the broadest sense, waste can be time, inventory, process redundancy, or even digital waste;
3. Process and product standardization - it's important to develop standardization across both processes and products;
4. Industry standards adoption - standardization also needs to extend beyond a company's particular supply chain to the industry overall;
5. Cultural change competency - there is one recurring obstacle to successfully applying lean supply chain concepts, i. e. resistance from the people who will be asked to embrace and implement the change;
6. Cross-enterprise collaboration - through collaborative practices and processes, supply chain partners must work to maximize the value stream to the customer.

Agile Supply Chain

Agility is another concept often cited together with lean. Lean concepts work well where demand is relatively stable, and hence is volatile and where variety is low. Conversely, in those contexts where demand is volatile and the customer requirement for variety is high, a much higher level of agility is required (Christopher and Towill 2001).

Agility, as a business concept, was coined in the manufacturing context - particularly in relation to flexible manufacturing systems (Goldman, Nagel, and Preiss 1995; Nagel and Dove 1991). This concept was refined by Naylor et al. with a major focus on agility in supply chains (Naylor et al. 1999). By synthesizing representative agility definitions from several disciplines, Li et al. (2008) advance a unifying general-purpose definition of agility as follows: 'Agility is the result of integrating an alertness to changes (opportunities/challenges) - both internal and environmental - with a capability to use resources in responding (proactively/reactively) to such changes, all in a timely, and flexible manner.'

Christopher, Lawson, and Peck (2004) and Harrison, Christopher, and Van Hoek (1999) identify characteristics that a supply chain must have in order to be agile:

- *Market sensitive* - closely connected to end-user trends;
- *Virtual* - relies on shared information across all supply chain partners;
- *Network-based* - gains flexibility by using the strengths of specialist players;
- *Process aligned (process integration)* - it has a high degree of process interconnectivity between the network members.

Leagile Supply Chain

Naylor et al. (1999) coined the term 'leagile' to refer to hybrids of the lean and agile approaches. Here are three proven ways in which the concepts have been brought together to provide available and affordable products for the end customer (Christopher and Towill 2001):

1. The Pareto curve approach - the Pareto (80/20) rule, recognizing that 80% of a company's revenue is generated from 20% of the products. It is suggested that the fast-moving products that make up the dominant 20% of the product line can be produced in a lean, make-to-stock manner, given that demand is relatively stable for these items and that efficient replenishment is the appropriate objective.

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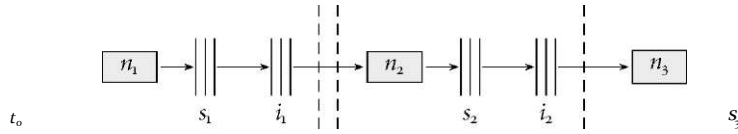


FIGURE 4 The principle of i_0, i_j demand chain application (i_0, i_j, i_2 - the disposition warehouses of n_1, n_2, n_3 enterprises, s_j, s_2, s_3 - the exit warehouses of n_1, n_2, n_3 enterprises; adapted from Malindzak and Mervart 2010)

Meanwhile, the remaining 80% should be produced in an agile, less anticipatory manner, perhaps even employing make-to-order production to generate supply for only those items ordered when they are ordered (Goldsby, Griffis, and Roath 2006).

2. The de-coupling point approach - here the idea is to hold strategic inventory in some generic or modular form and only complete the final assembly or configuration when the precise customer requirement is known. Companies may utilise lean methods up to the de-coupling point and agile methods beyond it.
3. Separation of 'base' and 'surge' demands - base demand can be forecast on the basis of past history, whereas surge demand typically cannot. Base demand can be met through classic lean procedures to achieve economies of scale, whereas surge demand is provided through more flexible, and probably higher cost, processes.

DEMAND CHAIN (DCH)

This philosophy has recently led mainly to bigger pressure from chain dominant enterprises that specify, for their sub-suppliers, the volume of products and the period (t_j, t_2, \dots, t_n), in which the given volume should be either in a warehouse close to their premises or directly in entry, i. e. disposition warehouses. The above-mentioned goods will be owned by the supplier up to the moment of their release from the disposition warehouse. Once released, the following will take place: deal - order - invoice - payment to the sub-supplier. We would like to stress once more that the goods in disposition warehouses are owned by sub-suppliers, which forces each enterprise in the chain to make its sub-suppliers create i_0, i_j, i_2 dispatch warehouses on its premises (see the figure 4).

Each company in the chain has to require this from its sub-suppliers. Otherwise it will pay for the given warehouses (product cost, storage cost included) at the entry and at the exit of the enterprise itself, thus having a

disadvantage compared to the rest of the demand chain (Gros, Grosova, and Dyntar 2009) DCH members.

Once the dominant or final company of the chain defines its requirements (demand) related to the volume of products available in sub-supplier's disposition warehouses for several scheduling periods in advance - as a forecast of its most probable needs, this logistic strategy will enable all the members of this demand chain to achieve benefits in the following aspects:

- optimum production batches, which can be formed when accumulating forecasted sub-suppliers' requirements for a longer period of time;
- they can produce temporarily to stock, when the given product is to be delivered in some of the coming scheduling periods;
- if the manufacturing capacity is not used in a sufficient manner, production can be carried out in advance;
- thus it is more stable and uniform and results in better manufacturing productivity;

It is important to maintain discipline in a demand chain, which can be embodied in bilateral or multilateral contracts for the entire chain. The question is how much of its capacity the enterprise will devote to SCH and DSCH.

The relations and obligations within SCH and DCH are beneficial as long as the enterprises in the chain function and fulfill agreements. This strategy is suitable when cooperating mainly with strategic partners. If, however, any of these strategic partners fall out of the chain for some reason, all its sub-suppliers, i. e. previous members of the chain, will face the consequences of their membership in the given chain, i. e. all of them will have insufficient coverage of their production capacities.

Therefore the enterprise should consider the extent to which it will devote its capacities to SCH and DCH in order to leave certain capacity for its new potential customers. The optimum volume of production capacity dedicated to SCH and DCH seems to be max. 60-70%. These approaches were optimal for the company Chemosvit folie, a. s. This volume of the production is linked to four strategic partners. About 30% has to be left for irregular, small, new and potential customers. The mentioned 70% is a compromise between the stability from supply chain information of the future production and the risk of the volume of production capacity which is connected to supply chain. Small and new customers

can become regular and big customers in case of losing some strategy partner.

Application of Forecasting in Capacity Planning

Capacity planning is based on the knowledge of particular orders for the relevant planning period, e. g. for a month, decade, week or available machine and equipment capacity in the relevant planning period. What should be done if the enterprise does not have a sufficient volume of orders well in advance, e. g. 3-4 days before a month starts, so as to effectively use its production capacity for the given month? (Kacmary and Malindzak 2010)

One of the solutions is to reduce the uncertainty of the coming period by the application of forecasting methods (see figure 3), just like in the case of annual planning, for which we do not know all actual orders for the coming year. This idea was successfully introduced in the project of 'Capacity planning in Chemosvit folie, a. s.' (Straka and Malindzak 2009). A part of the capacity, for which no orders are available, will be filled through the following:

- an estimate; forecasting orders that should be received during t period (figure 5);
- in the case when the production capacities are not fully used in t period by real and forecasted orders it is possible to use free capacity for manufacturing of the 'standard' products, regularly repeated in each planning period (these products are indentified from the historical data).

Thanks to forecasting applied in capacity planning, we will reduce uncertainty and indeterminateness related to material and utilities ordering and shift schedule preparation, etc.

These above specified problems have logically led to intensive search for new planning systems. They became known as Advanced Planning and Scheduling or Advanced Planning Systems (APS) and later as Supply Chain Planning (SCP) systems (Chopra and Meindl 2006; Schutt 2004). However, the scope of APS (SCP) systems is not limited to factory planning and scheduling, but has grown rapidly to include the full spectrum of enterprise and inter-enterprise planning and scheduling functions.

Unlike traditional ERP systems, APS systems try to find feasible, near optimal plans across the supply chain as a whole, while potential bottlenecks are considered explicitly (Stadtler and Kilger 2005). Three main

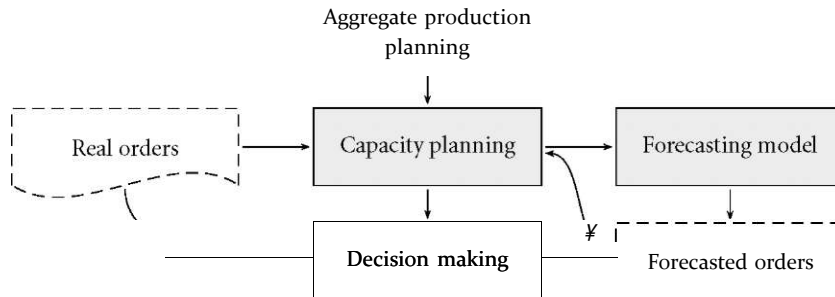


FIGURE 5 Forecasting principle introduced in capacity planning (adapted from Malindzak and Mervart 2010)

characteristics of the APS system are integral planning, true optimization and hierarchical planning system (De Kok and Graves 2003).

The *APICS Dictionary* (Blackstone and Cox 2005) defines the APS system as follows: 'Techniques that deal with analysis and planning of logistics and manufacturing over the short, intermediate, and long-term time periods. APS describes any computer program that uses advanced mathematical algorithms of logic to perform optimization or simulation on finite capacity scheduling, sourcing, capital planning, resource planning, forecasting, demand management, and others. These techniques simultaneously consider a range of constraints and business rules to provide real-time planning and scheduling, decision support, available-to-promise, and capable-to-promise capabilities. APS often generates and evaluates multiple scenarios. Management then selects one scenario to use as the "official plan." The five main components of APS systems are demand planning, production planning, production scheduling, distribution planning, and transportation planning.'

To conclude this full definition, the key success factors of the APS system can be summed up (Gruat-La-Forme et al. 2005; Saderová 2010):

- A real time overview along the supply chain;
- A good decision-support package;
- Ability to sequence in real time, taking into account constraints in finite capacity, events or changes.

SHORTER PERIODS IN CAPACITY PLANNING

Another solution for the situation described, i. e. the volume of orders insufficient to fill the whole production capacity in the t period, has the

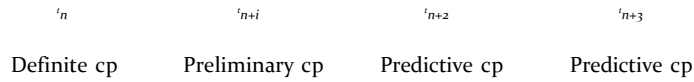


FIGURE 6 Planning periods - flexible planning

form of shorter t planning periods. It is common to prepare executive planning for a year period. The standard capacity planning period is a quarter, month, week, all based on the manufacturing cycle, the duration of delivery cycle, and manufacturing process inputs. The most commonly used is a monthly period. This means that for a crisis period the period of planning should be changed from one month to one week, i. e. to the period for which orders influencing manufacturing capacity are available in advance.

In order to maintain the advantage of the knowledge of long-term capacity planning (cp) (e.g. 1 month), the capacity plan is prepared in a flexible manner for each t_n week for the period of four weeks, supposing that each t_n week is definite, the second week, i. e. t_{n+1} preliminary (70-80% reliability) and t_{n+2} and t_{n+3} weeks are predictive. This enables one to order materials with a longer delivery cycle, prepare production etc. (see the figure 6).

DRUM-BUFFER-ROPE SYSTEM FOR SUPPLY CHAIN

Consider a supply chain defined by a sequential arrangement of the trading partners, each with statistical variation in its operations. One of the supply chain trading partners owns the limiting capacity. This partner is the system constraint (drum), and will limit the end-to-end output of the entire supply chain. To optimize output and system inventory, the supply chain must identify and manage a shipping buffer and a protective buffer as safety time against statistical variation. The supply chain, in addition, must connect the market demand signal to the system constraint and the starting work centres for each of the trading partners (rope) to send the synchronization signal. The DBR system is applied to 'synchronize supply with demand' (Walker 2002).

According to Gros and Grosova, the constraint (drum) becomes a point which directly drives the material flows of all partners within the chain. In essence, the pull principle is applied on the previous stages of the supply chain - the drum regulates the inputs in the preceding part of the supply chain, according to its requirements. The push principle can be applied from the drum onwards, because the following stages have

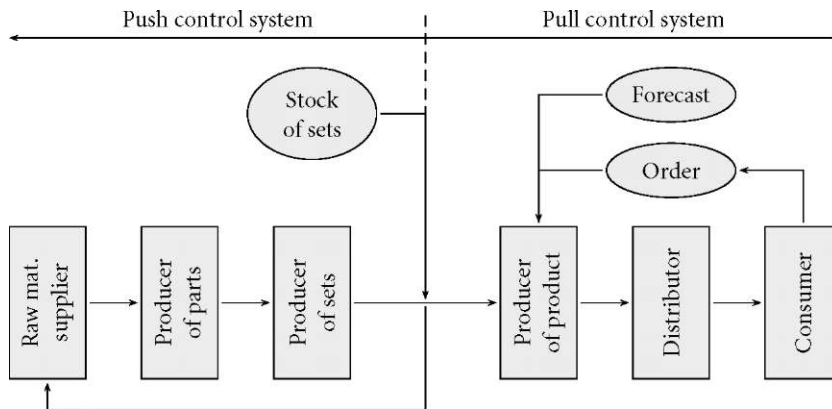


FIGURE 7 DBR system in supply chain (adapted from Gros and Grosova 2003)

higher capacity than the constraint, and the itemized plan of the drum respects the customer orders in the monitored period. The whole situation is described in figure 7. The final producer is considered to be the constraint (drum) (Gros and Grosova 2003).

Application of 'Fast Strategy' in the Conditions of Chemosvit Folie, a. s.

Chemosvit folie, a. s. Svit is an enterprise producing polyethylene and polypropylene packages. In 2008-2009, the principles described in chapter 2 were applied as a part of logistic activity re-engineering project based on the task of applied research in Chemosvit folie, a. s. Svit. This was one of the factors of successfully overcoming the financial and economic crisis. The above applications in this enterprise are described in detail in 3.1 MR? Syncro Application.

THE SYNCRO MR? APPLICATION

Chemosvit folie, a. s. is an enterprise producing a wide range of hygienic packages using the technology of gravure and flexographic printing. In order to withstand market pressure and to maintain the enterprise's market position, the flexible solution of strategy changes in various areas was required. Those changes are mainly dealt with in the field of logistics due to their promptness and investment intensity.

The implementation of orders for the segment of hygienic products consists of several consecutive manufacturing operations. First of all, it is basic foil manufacturing usually followed by foil printing. If required, lamination and film-coating can also be applied. The last operation is

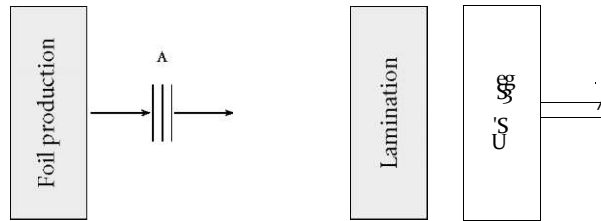


FIGURE 8 The simplified material flow of package production (adapted from Straka and Malindzak 2009)

cutting. If we want to increase the flexibility of production and deliveries it is suitable to focus on specifications of individual manufacturing operations. Unlike the first operation - where basic foil, which can be similar for several customers due to its size and specifications - is manufactured, the second operation, i. e. print, is the operation producing actual products for particular customers. Especially if a frame purchase contract has been signed for a longer period of time with one or several customers it is suitable to apply statistic make-to-stock production of basic foil. Even more precise planning of statistic production batches of basic foil can be carried out if the prediction of production batches of the customer is available through the Supply Chain Management system for a longer period of time (Rosova 2010; Bindzar and Micieta 2005).

Such basic foil stock produced in advance can ensure shorter periods of order preparation and generally more flexible responses to customer's requirements. The original manufacturing process can be, in this case, divided into two parts: VPI make-to-intermediary stock production, and vp2 make-to-order production. Thus one operation of order preparation is eliminated from the customer's point of view. As regards the effectiveness of production, the use of this system enables one to increase the volume of extrusion equipment production batches related to foil manufacturing, and machine availability, and also to reduce waste. A break-even point is a foil intermediary warehouse.

A CHANGE IN THE APPROACH TO CAPACITY PLANNING -
FORECAST APPLICATION

At the time of reduced or floating order capacity, statistic orders are added to the portfolio of orders entering the process of production planning. Under statistic orders the following is understood: orders, which at the moment of their creation are not covered by any particular customer order. However, due to regular demands from some customers it is high-

ly probable that such orders will be received in a short period of time. A long-term established database of business cases, good knowledge of the market and of customer behaviour are required for the preparation of a statistic order, where based on such data the forecast of future potential orders is prepared (Kacmary and Malindzak 2010).

New orders, which are being prepared in cooperation with customers and for which no order was issued yet, due to some unclear data (which might not relate to the first part of manufacturing process), are also included in forecasted orders. In this case, the shorter period of launching new packaging material on the market, e. g. as a part of comprehensive marketing campaigns, is often of common interest.

SHORTER PERIODS OF OPERATIVE PLANNING

In order to increase the quality of capacity planning and production scheduling, Chemosvit folie, a. s. introduced a new concept of production planning in 2008 (Straka and Malindzak 2009). Since the above project was carried out prior to the global economic crisis, the considered planning period was 7 days, which corresponded with both, the actual order capacity and frame purchase contracts signed by customers. At the end of 2008 the reduced activities on global markets showed that this suggested duration of the period did not suit the new conditions. With smaller average orders the pressure on delivery flexibility increased. Due to the reasons stated above it was necessary to shorten the duration of such period to 3.5 days (two periods thus form the whole week). The capacity plan was prepared in a flexible manner, i. e. each 3.5 days for 4 periods. 14 days for a customer order, material ordering, graphics preparation, etc. This enabled the company to react to changed conditions in a flexible manner since customer requirements related to delivery due dates were much more demanding in the time of crisis than the originally signed frame purchase contracts. The possibility of changing the duration of the planning period thus becomes a big advantage of new, integrated sw for production planning, which enables the company to adequately react to the situation on the market or to customer requirements/demands (Straka and Malindzak 2009).

SUPPLY CHAIN, DEMAND CHAIN, SUPPLIER MANAGED INVENTORY

The effort to reduce costs, increase continuity and reliability of the supply chain also in the packaging industry has resulted in the optimization

of processes between suppliers and customers. Chemosvit fólie, a. s. currently carries out several forms of cooperation, the goal of which is to reduce administration on the customer's side, to optimize production on the supplier's side and, last but not least, to increase the flexibility and reliability of goods deliveries. As regards Chemosvit fólie, a. s., its customers are mainly international companies.

In the first case, it is a fully comprehensive system based on customer requirements/demands delivered in the form of long-term manufacturing plans. In order to achieve the above stated, Chemosvit folie, a. s. decided to develop an sw application, which will, apart from customer data import, also calculate and display the data given for the needs of an order logistics employee. Following consultation with a sales person, the logistics employee is held responsible for the specification of an optimum production batch and for the creation of a goods call-off proposal, which has to be delivered to the customer. The conditions of this system's functioning are agreed in an SCM contract, in which production and delivery windows are defined amongst other things. Once the proposal of production batches and customer call-offs is approved, the batches are included in the manufacturing plan. Of the stated predictions of customer production it is also possible to define the need of basic foils for these orders, which can be produced or purchased in advance.

Other forms of cooperation are basically derivations of Supply or Demand Chain systems, e.g. SMI, which deals with the preparation and implementation of goods call-offs, while the orders for production are still issued by the customer. It can be said, though, that SMI is basically an intermediary step leading to the full supplier and customer relation control that includes the management of both, production and dispatch.

Many customers combine the implementation of the above-stated systems and of electronic data exchange based on EDI protocol. This, in principle, enables direct interconnection of information systems leading to reduced elaborateness, lower error rate and overall increase of work productivity. Generally speaking, the systems managing supplier and customer relations can be regarded as a new generation of cross-enterprise collaboration, which is beneficial for both sides (or for all the companies forming the given chain).

Conclusion

The approaches described in this paper are logistic approaches to the creation of flexible production and business strategy, which have to be

feasibly selected and combined. Their application mainly depends on the position of the company in the market, on the capacity used and on the position of the company in chains.

These approaches enable one to create a company strategy flexible in terms of business and relatively stable in terms of production, which is one of the possible ways to success in dynamically changing conditions, i. e. also in the time of financial and economic crises. Their application in the conditions of Chemosvit folie, a. s. is described in chapter 3.

At the beginning of crisis time - the autumn 2009 - three years of applied research was finished. This research was focused on the models designed for the capacity planning and production scheduling in Chemosvit folie a. s. The conditions of the market were radically changed at the moment of the delivered applied results.

1. Reduced average volume of orders - represented at time of printing (from 460 min. to 300 min.);
2. Increased number of small orders (but the preparation times for the printing were not changed and it resulted in a decrease of production effectiveness);
3. Solvency decreasing, increased numbers of customers not meeting liabilities about 30%;
4. The use of production capacities decreased below 80%;
5. Shortening of delivery time;
6. Unsteadiness of the capacity use was increased (from 60% up to 120%).

There was a need to react to the above situation and to prepare a fast flexible strategy (FFS). The global goal of the strategy was to successfully survive the crisis. These are the described results of applied research at preparation of the fast flexible strategy based on logistic principles in this article:

- A - application of Sincro MRP;
- B - shortening of the capacity planning period;
- c - application of forecasting for required due date determination;
- D - supply chain application;
- E - demand chain application.

The flexible strategy was oriented towards the following particular goals:

TABLE 1 The influence of individual principles A-E to the goals (i-v) and the results

Goals of fast flexible strategy - applied logistic princ.		Results in 2010
I Shortening of delivery time	a, B	Average delivery time was shortened from 21 days to 7-11 days
II Keeping the can be got to the scheduling process	a, B, c	Delivery performance was increased from 65-80%
III Increasing the use of capacity	a, B, D, E	From 80% up to 95%
IV Increasing the steady use of capacity	D, E, c	From 68-95% up to 90%-95%
v Change minimising in already planned production schedule and in-process production	B, c	From 21% down to 5%

- I - shortening of delivery time;
- II - keeping the required due date;
- III - increased use of capacity;
- iv - increasing the steady use of capacity;
- v - change minimising in the already planned production schedule and in-process production.

Table 1 shows the influence of individual principles A-E to the goals (i-v) and the results.

Commentary on table 1:

- *Goal of point I - shortening of delivery time*
 Principle A: By the application of the Sincro-MRp principle production time was shortened by about one planning period (3.5 days) because foils are made-to-stock (figure 8), and gravuring, lamination and cutting will be realised in two periods, i. e. 2 x 3.5 days.
 Principle B: Orders with higher priority can be got to the scheduling process at latest after 3.5 days (previously it was 1 week): by this the production time for priority orders was shortened from 21 days to 7-11 days.
- *Goal of point II - keeping the required due date*
 Principle A: There are created conditions for fulfilling the delivery time by shortening delivery time by about one period. Because the delivery time is shorter, and terms in contracts are still the standard 14 (priority customers) or 21 days.
 Principle B: shortened scheduling time enables getting to the scheduling process earlier.

Principle c: At confirmation of delivery time of products in contracts and orders by the model of the capacity planning, the most probable delivery time is forecasted, and on this basis the required due date (RDD) is confirmed.

- *Goal of point III - increasing the use of capacity*

Principle A, B: They were attracting customers who needed a short time of delivery by shortening of the scheduling time.

Principle D, E: By signing contracts with regular strategic customers (Nestle, Kraft, Intersnack etc.), they obtained information - forecasts - about their production for the next 6-8 weeks. This enabled them, at times of an insufficient number of orders, to go to 'make-to-stock' production, i. e. to manufacture products in advance for these strategic customers.

- *Goal of point iv - increasing the steady use of capacity*

Principle D: in spite of the fact that there was changeability ranging from from 60-120% in relation to the production capacities, steady use of capacity was achieved by the application of the supply chain principle and by dividing bigger orders into smaller parts and combining them with the production in advance.

Principle E: the principle demand chain was applied for the distant trades (max. 5% of all orders).

- *Goal of point v - change minimising in the already planned production schedule and in-process production*

Principle B: shortening of production scheduling time (3.5 days) ensured that also priority orders were not included in the production by the changes to the production schedule, but instead the regular scheduling process.

Principle c: application of the capacity planning model as a forecasting model for the calculation of RDD and its confirmation increased the probability of its retention.

In this article the methodology and case study of preparation of a fast flexible strategy are described. The logistic principles of this strategy are not new, but their combination in problem solving is new. The new contribution can be considered as an application of forecasting to the capacity planning (calculation of RDD), not by using standard forecasting methods, but instead the model of capacity planning.

A good result of this fast flexible strategy can be considered the successful surviving of the crisis by the company Chemosvit folie a. s.

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Recognized Values and Consumption Patterns of Post-Crisis Consumers

Armand Faganel

The financial crisis unleashed in the USA in 2007 was followed by a domino effect and caused an important global loss of ethical values when pursuing monetary health. The individual citizen, who has been preached to for decades that it is alright to spend the money and to be indebted, was suddenly faced with disillusionment and sobering. An exploratory in-depth study has been proposed to assess the state of values and consumption patterns of post-crisis consumers in Slovenia, using methods of the online focus group, quantitative and qualitative content analysis of media and documents. Findings confirm that there has been a slight but visible shift from the consumerism orientation toward a more conscious spending attitude, and consumers' values indicated the change of direction from individualistic to the community and family driven. Consumers are aware of their rights, of their power, and are willing to raise their voices. Time will show if this shift is of limited duration only.

Key Words: consumer, post-crisis values, consumption, attitudes, market

JEL Classification: M30, D10

Introduction

The common approach to the analysis of global recession is grounded upon financial (eg. Ivashina and Scharfstein 2010), economic (Stiglitz 2009), regulatory (Goodhart 2008), legal and/or political aspects (Gamble 2010; Hellwig 2009). The real estate bubble that burst in the USA in 2007 spread all over the globe, and only with great difficulty could we find an economy that was not affected from what was happening. After the battle for stopping the recession and implementing measures to prevent it from happening again, the governments turned their focus onto the consumer's wellbeing (Nanto 2009). Kleinnijenhuis et al. (2010) stated in their content analysis based study that financial news in newspapers played a considerable role in the spiral decline of the Dutch stock market,

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because of decreased consumer trust. Several examples of case studies are available, in which the global economic crisis local impacts were assessed, for example on food prices (Cudjoe, Breisinger and Diao 2010) and poverty (Raghuram 2009) or relating to public health (Christian 2010). Kaklauskas et al. (2010) argued that the 'social, cultural, ethical, psychological, religious, demographic, state of mind and educational aspects of crisis management receive less attention.' There are some recent studies on explaining consumer confidence in crisis (eg. Ramalho, Caleiro and Dionfsio 2010). Gerzema and D'Antonio's (2010) study concludes with the impression that 'even as people find themselves less rich in today's economy, they [...] realize that how they spend their money is a form of power and they are using it to communicate their values and reward those companies that truly reflect them.' From the above writing we can conclude that during crisis and recession consumers' behaviour differs and leads to risk avert and market anomalies. That is why it is important to study the identified factors that drive consumers' behaviour in times of economic crisis, to provide businesses with a broader understanding in defining policy frameworks. Slovenia went through transition with a gradualist approach (Nastav and Bojnec 2007) and is now faced with the need for important structural reforms, but Sustersic (2009) says the government managed to impose merely a 'gradual move away from gradualism.'

Literature Review

Firat and Schultz (1997,193) defined postmodern humans as *Homo consumericus* - 'a creature defined by consumption and the experiences derived therefrom.' And 'the value of consumption comes from the consumer's experience' (Addis and Podesta 2005, 404). The social psychological bandwagon metaphor in economics, which originally referred to a wagon full of playing musicians that was followed by a big crowd, was not listed in terms of what it was, but in terms of its effects. Leibenstein defined a bandwagon as 'the extent to which demand for a commodity is increased due to the fact that others are also consuming the same commodity' (Leibenstein 1950,189). In order to use herd behaviour as 'a powerful analytical tool, an integrative economic psychological approach to herd behaviour should cover both areas of attention, behavioural causes and effects, by accounting for macro as well as micro level processes' (Rook 2006, 92). Morgenstern (1948) pointed out as first that sometimes the market demand curve does not represent the summation of indivi-

dual demand curves. Strasek (2010) exposed the growing need for more intensive consumer-based market research because of the economic and social changes occurring in the former socialist and communist countries of Central and Eastern Europe. Recent studies often approach the design of models to discover factors that could predict the market demand on different levels (e. g. Berry, Levinsohn, and Pakes 2004; Bratina and Faganel 2008; Friskovec and Janes 2010).

The major part of early research in the field of social psychology regarding attitudes was concentrated around the attitude formation and change. It was assumed that attitude leads toward subsequent action and behaviour. From the late 1960s on, the attention shifted toward the issue of attitude - behaviour consistency. Wicker (1969, 65) was examining the relationship between attitude and behaviour and stated that 'it is considerably more likely that attitudes will be unrelated or only slightly related to overt behaviours than that attitudes will be closely related to actions.' Smith and Swinyard's (1982) integrated information response model exposed two factors determined to influence attitude - behaviour consistency: attitude strength and type of behaviour (trial or commitment). Following the traditional attitude theory, evaluations depending on whether they are extreme and / or confidently held. According to the study by Newcombe, Turner and Converse (1965), extreme represents the degree to which the attitude deviates from the neutral point. Extremity in the expectancy-value (EV) model presents the summated EV score, while affective extremity is the major dimension upon which global attitude scales are differentiated.

According to the theory of reasoned action (TRA), an intention expresses the individual's willingness to perform certain behaviour and captures motivational factors that influence behaviour (Fishbein and Ajzen, 1975). Ajzen (1991) later proposed a multi-determinant model of planned behaviour (TPB), which could be seen as an improved TRA; it specifies that intention is determined by an attitude towards behaviour, a subjective norm and a perceived behavioural control. Besides the low average of variance in intention (40%) and behaviour (20%) explained by these models, and proved in further empirical studies (e. g. Sheeran, 2002), Greeve (2001) questioned if intentions could be verified as causes of reasoned behaviours, because in principle they are not logically independent of behaviours. Greeve also implies that research into attitudes still lacks the solution that would firmly and formally link attitudes and behaviours. As Byrka (2009, 96) concludes, the 'strong link between an

attitude and a behaviour is a prerequisite of an efficient, i. e., resulting in a behavioural change, persuasion.' In the nowadays fast changing societies, even more efficient interventions that would result in a change in multiple behaviours are required (Jackson and Aiken 2006).

Ludvigson (2004) found that 'measures of consumer attitudes appear to be directly related to future consumption growth, not just indirectly through their predictive power for household income or wealth.' Caleiro and Ramalho (2007) discovered that consumers overlook the inflation and interest rates when expressing their confidence, while unemployment appears to affect them more directly.

The results of the 2009 Survey on Income and Living Conditions (SILC) show that in 2009 almost 11.3% of Slovenes were living below the at-risk-of-poverty threshold. The annual at-risk-of-poverty threshold for a one-member household was set at 7,118 euro; the disposable net monthly income of people below the at-risk-of-poverty threshold was lower than 593 euro per adult person. A four-member family with two adults and two children younger than 14 should have at least 1,246 euro of disposable net monthly income to rise above the at-risk-of-poverty threshold, while a two-member household without children should have at least 890 euro per month. Compared to 2008, in 2009 the at-risk-of-poverty rate decreased from 12.3% to 11.3%. In the same comparison, citizens below the the at-risk-of-poverty threshold in 2009 were slightly more distant from the threshold than a year before. The fact that at-risk-of-poverty threshold slightly increased, shows a higher general level of income in the society. Actually, this is income received in 2008, which is the income reference year for the 2009 survey. And 2008 was a year of economic growth with a relatively low number of unemployed persons, 63,000 on average (SORS 2010b).

Use of Online Focus Group Research

The focus group or group interview is a special qualitative research technique in which people are informally 'interviewed' to evaluate ideas in a group-discussion setting (Neumann 2006, 412). The moderator's role is to be nondirective and to facilitate free, open discussion by all group members; Grawetter and Forzano (2009,370) warn about the risk of researchers bias. Bryman (2001,338) says that the technique allows the researcher to develop an understanding of why people feel the way they do, and it offers the opportunity to study the ways in which individuals collectively make sense of a phenomenon and construct meanings around

it. Morgan, Fellows and Guevara's (2008, 189) recognised focus group became known as a traditional research technique in a relatively short period of time.

The on-line form has been used for qualitative research since approximately 1994, when a few research companies began experimenting with discussion groups by borrowing chat room technology; this has evolved into a dimension of qualitative research, aided by customized software that creates virtual facilities with waiting rooms, client backrooms, and focus group rooms (Sweet 1999). Fontana and Frey (2000, 666-7) announced that it is only a matter of time until electronic interviews are going to be widely adopted for qualitative research. Gaiser (2009, 304) implies that researchers should enable the participation in an on-line focus group to be as simple and non-technical as possible, in order to avoid the technological impediments to participation and data collection. Studies compared face-to-face and computer-mediated communication meetings; they found that the results support previous findings that online groups contribute less to a discussion than do face-to-face groups, due to the time spent typing; but, although participants produced fewer words online, there were no significant differences in the number of ideas they generated (Schneider et al. 2002; Reid and Reid 2005).

There exists an increasing amount of studies, offering insights into the viability and practicability of online focus groups in qualitative research (Stewart and Williams 2005; Fox, Morris, and Rumsey 2007; Peek and Fothergill 2009). Williams (2007) studied forms of virtual culture - avatars in social science. Gaiser (2008, 304) forecasted the potential use of conducting focus groups in virtual environments such as Second Life, where participants have access to avatars, a three-dimensional representation of a user, providing a certain amount of information about the user. Moloney et al. (2003) reported that they encountered some problems when researching internet discussion boards as virtual focus groups, which included potential for misunderstandings due to the limits of written communications, and the difficulty of encouraging participation.

It is of course easy to find large amounts of criticism, coming mostly from the trenches of traditionally quantitative oriented researchers, arguing that qualitative inquiry has no real scientific value. Some researchers have abandoned focus group research in favour of research alternatives such as ethnography research. Travers (2009) presents a sceptical view of innovation in qualitative research, saying that one of the reasons for aggressive marketing of qualitative research is the competitive

funding climate, where one often has to demonstrate methodological innovation as a condition for obtaining the grant. Based upon this short literature overview, it could be concluded that electronic focus groups are an innovative and already accepted research approach in business, social, behavioural and psychological sciences.

Online Focus Group Survey

The online focus group has been designed in order to obtain in-depth information, and was held on the chat site <http://www.klepet.info/chat/chat.html> on 25 September 2010; it began at 20:00 and was concluded after 80 minutes. Participants had been chosen two weeks before the interview; to be eligible they had to be aged 18 or older. The time of transmission was agreed in advance so as to minimize possible disturbances and to allow full immersion, to and also guarantee a relaxed, comfortable and enjoyable experience (Krueger 1998). Before the discussion process, the group members were encouraged to take an active role and to express their opinions on the issues discussed. The moderator posed the initial question and let the conversation develop freely, in order to avoid influencing the participants' responses; it was conducted in a non-directive and unstructured fashion as recommended by Calder (1977). When a certain theme was exhausted in the discussion, he suggested another theme.

Discussions included general issues on a topic, as perceived by the interviewees. The transcript of the interview has been copied from the chat room; signs unnecessary for the interpretation like < and > that were not inserted from interviewees have been eliminated; an English translation was made. Finally, the researcher summarised the discussion, drew inferences and then categorised what had been said during the focus group discussions.

The group comprised six members; a short presentation of the interviewees is as follows; the names given are fictional:

- A: Anna 42, retail saleswoman, married, two children, rented apartment, no savings;
- B: Ben 26, student, single, living with parents;
- c: Chelsea 21, student, engaged, living with a friend in a rented apartment;
- D: David 48, bank clerk, married, living in parents' house, owns some stocks and mutual funds points;

E: Eva 35, researcher, single, living in a rented room;

F: Fred 31, computer programmer, living with a friend, one small child, own apartment.

A proportional and balanced sample was chosen, regarding sex, age, education and employment. An important missing group is that of retired persons, but it was impossible to find one interviewee willing to participate in an online survey. The latter group represents a significant proportion of the population of Slovenia and the EU. This, and the subjective choice of participants, are the biggest deficiencies of this study. Each participant was informed about the purpose of the present study, understood the rules of discussion and agreed to be interpreted anonymously.

After the initial greetings, the introduction, and short presentations of members (everybody revealed as much private information as desired), the first question was asked about the products or services that constitute the greatest part of individuals' spending. Mostly they acknowledged spending on gasoline, evening outings, sport, food, rent, bills, children's clothes, car, hobbies, books, clothes, and holidays.

According to the survey on living conditions in Slovenia 2009, housing costs were a heavy burden for 36% of the households and unexpected financial expenses (up to 495 euro) could be handled by 57% of households. As regards the ability of households to make ends meet, 12% shared the opinion that they made ends meet without problems (easily or very easily), while 28% made ends meet with problems (very difficult or difficult). According to the tenant status of the household, more tenants than owners of the dwellings had difficulties in making ends meet; namely, 53% of the tenants and 25% of the owners had difficulty. In comparison with 2008, no major changes concerning the financial capabilities of households were detected. Forty percent of adults regularly participated in leisure activities such as sport (active or spectators), cinema, concerts, and 17% could not afford to participate in leisure activities, while 43% answered that they did not participate in leisure activities because of other reasons (SORS 2010d).

The focus group's answers are quite comparable to the findings from statistical reports, housing costs and food are the most important elements of households' spending. A similar pattern can be seen, regardless of the differences in the participants' sample. Anna said: 'Even if I have to deprive myself of some "goodies," my children do not suffer, I take care

of that.' Chelsea admitted that she is not travelling as much as she did before the crisis, and her holidays are shorter now.

The next question tried to remove the curtains of consumption motives and incentives which drive people to spend their free time on shopping. David thinks that in the culture in which we live, the possession of goods is very important and the priority of acquisition is dictated by the media and advertising. Eva wants to underline the lost faith and is arguing that the shopping culture is only a cheap substitute for important values that were lost on the way. Anna confirms that certain groups of people go to the shopping centres because they don't have any other place to go and to meet people there. 'Money' was mentioned 14 times, and 'family' seven times, which is pretty interesting.

The third question asked about the participants' perceptions regarding their spending during the actual economic and financial crisis, which, if anything, has changed their spending patterns:

- B: It did not change much for me in regard to spending and buying.
- A: We had to change the apartment last year and to buy some furniture, because the new apartment was empty. The credit I took makes me very careful about what and where to buy.
- E: I began to save a little bit and try to buy cheaper stuff, but I have to admit that I don't pay very much attention.
- c: Yes, I look too for the prices and compare them, don't buy just any clothes I like, as I did before. And I'm writing a list of things I have to buy before going to the grocery.
- A: Oh, and I returned the credit card to my bank, so I am spending only what I've got in my pocket, those limits are very expensive!
- D: OK, we try to spend the money wisely, but it's very difficult to save some money. It seems to me that whatever would be my check, at the end of the month we'd be left without the money.
- F: Sometimes I buy at the online shops, so I don't have to go to the stores, and it prevents me from buying things I wasn't planning to buy. If it's possible I do some extra work and that money goes into the special fund we created for the baby; who knows what the situation is going to be in the years to come.
- F: And I spend more time comparing prices on the internet before deciding to buy a durable product.

The opportunities for cheaper retail grew importantly with the arri-

val of the economic crisis. Discount stores increased their market share in Slovenia from 2007 till the end of 2009 by 9.4%, and this comprised 12.9% of the whole food retail market in the 2009. From 2004 to 2007 the share of discount stores increased by only 0.6%. Their share took advantage at the expense of the hypermarkets, which lost 7.5% of the market from 2007 to 2009, and in the 2009 they represented 19.5% of the whole market. Every form of retail was losing at this time, except the supermarkets, which represent almost half of the whole market. (Meglic, 2010)

From the responses, we can confirm that the attention on what, where and how much to buy increased; the attention was focused toward the ways of payment, Anna indeed returned her credit card because of the ease of buying when she didn't have the reserves on the bank account. They agreed that in the last year the living costs went up, everything from fuel, electricity, food ... Online buying is not as diffused as classical shopping, but the internet is being used to compare the prices and search for opportunities, especially in the category of durable goods.

The fourth topic tackled the overall impressions and perceptions of the crisis, and what the reasons are that make people change their behaviour while shopping:

B: I do think that the whole thing about the crisis is a little bit overblown, people are just more aware that they could lose their jobs.

A: B, if you would have to care about your family you would be stressed too.

D: I don't agree that it's fear; people are just prudent and less consumerism oriented, they buy only what is really needed maybe, what do you think? They are less sceptical about trade label products' quality, ready to buy some used durable goods, maybe...

B: I agree, but the media are playing the key role in exaggerating the possible outcomes of the crisis.

c: When I go the stores they are always full of people and their shopping carts are loaded with all kinds of stuff. I buy only what I planned.

E: Recent studies show that the market share of discount stores is slowly growing, that shows people are growing conscious . . .

E: and they try to turn around their money well.

F: My wife does the shopping for our family, but she tells me she doesn't have time to go to the remote shopping centre and buys in the nearest grocery to our house.

B: See, people are not paying much attention where they buy, but they are complaining how difficult it is to get through the month.

It is interesting how gently Anna suggested to Ben that his view and attitudes are a little bit too egocentric, but he remained faithful to himself and added a little bit of criticism from time to time. In fact it has been all over a very disciplined focus group, nobody has been trying to take over the role of leader and dominate others. Most of the participants are rational and try to buy wisely.

Next, it has been proposed to evaluate the role of the media in reporting the economic and financial crisis in view of the noticed behavioural changes:

F: A lot of stuff being reported is sponsored by interested lobbies, employers' organizations, international capital bodies like the OECD, World Bank, etc. Just remember the hype created around the flu pandemics, and as it turned out it was only the pharmaceutical lobby behind earning millions.

E: The media are not just scaring citizens, they are also trying to educate them and raise their awareness. Although I have to say that reporting on the numbers of unemployed rising from month to month is not very encouraging.

B: Exactly, bombastic titles with job losses and similar stories are taking the lead.

C: It depends which media we are talking about, the popular press and free newspapers are really awful.

B: They write what people like to read, it sells: I don't look at the TV news, don't read financial papers and I feel better.

A: Well, I think it's good to be informed about the prospects for the future to regulate your private lifestyle. However, it's impossible not to be aware of the problems, the media are full of crisis reports.

Fred was very passionate on this topic and tried to convince other members that the neoliberal capitalism rules the world, dictates the content of news in the media to pursue further growth of capital. Eva instead tried to mediate things, as always, and to present more a balanced view of the problem. Table 1 presents a short overview of the appearance frequency of determinate words in the newspaper *Finance* from 2007 until today, and we can agree with Anna that the increase of reporting is substantial. It certainly influenced the feelings and behaviour of Slovene people.

TABLE 1 Frequency of the appearance of determinate words in the newspaper *Finance*

Words	2007	2008	2009	2010
Financial crisis	44	758	568	239*
Unemployment	169	268	659	483
GDP	517	740	1229	1100
Recession	34	453	814	278
Recovery	31	159	666	774
Lay off	46	103	222	115
Saving	164	240	311	325

* Until 2 December 2010.

The impact of the reported macroeconomic and statistical figures upon the consumers' behaviour has been discussed as the following issue:

- D: Economic reports aren't really important for the behaviour of people, I think. GDP, economic growth, purchasing parity power etc. are things that an average person isn't very interested in.
- E: I agree, consumers are quite illiterate about the macroeconomic policy and its influence on their lives. Although it's obvious that reductions in GDP indirectly result in lower incomes available for consumption.
- A: They don't have the time to think about these things, they have to feed their children.
- F: But it is difficult: they wouldn't get the idea about the connections between the macroeconomic picture and their lives, it's just that they are preoccupied with how to survive.
- c: I know it will be difficult for me to get my first job in these times, so I'm thinking of prolonging my studies to the postgraduate level.
- B: And the economic cycle will eventually bring new jobs and prosperity - then consumers will forget about the hard times and the wave of consumerism will be on the rise again.
- D: Short memory...
- E: It is also generationally dependent; my grandfather never in his life took out a credit and was keeping the land as a family treasure. My father sold the land and built the house exclusively with the long term rented money. People adapt and live according to the 'accepted,' 'normal' way.

TABLE 2 Real GDP growth in Slovenia

2005	2006	2007	2008	2009	2010*	2011**
4.5%	5.8%	6.8%	3.5%	-7.8%	0.8%	2.4%

* Estimate, ** forecast. Source: Global Finance (2010)

TABLE 3 Gross domestic product per capita (ppp), Slovenia 2005-2009

2005	2006	2007	2008	2009
14,369 euro	15,467 euro	17,123 euro	18,450 euro	17,331 euro

Source: SORS (2010a).

TABLE 4 Changes in registered unemployment, Slovenia 2006-2009

Year	No. of registered unemployed on 31 December	Index	Average no. of registered unemployed	Index
2006	78.303	84,6	85.836	93,4
2007	68.411	87,4	71.336	83,1
2008	66.239	96,8	63.216	88,6
2009	96.672	145,9	86.354	136,6

Source: ESS (2010).

A lot of studies confirm the impressions of the focus group participants, that an average citizen does not take much care about the macro-economic data and is more concerned about the everyday life. In Tables from 1 to 3 there are some numbers on the health of Slovenian economy. The phenomenon known from other crises and reported from most of countries is to be noticed, that unemployment takes more time to diminish. The economy is recovering slowly but the prolonged effect of unemployment is going to influence citizens for a much longer time.

In the first eleven months of 2010 a total of 52,283 unemployed persons found work, 17.2% more in comparison to the same period in 2009. At the end of November 2010, the ESS (Employment Service of Slovenia) evidenced 103,831 unemployed persons, which is 1.1% more than in October and 8.8% more than November 2009. 55% of the population was employed in Slovenia in the third quarter of 2010, 49.2% of women and 60.9% of men, while the activity rate was 59.2% (ESS 2010; SORS 2010c).

The last broad question has been made on the issue of values and attitudes, what are the impressions of interviewees about changes of values in their families, in relationships with friends, neighbours, on the job. 'Family' was exposed 17 times, 'trust' 10 times, 'love' 9 times and 'com-

mitment' 6 times. Eva considered that our model of civilization is in crisis and that it is urgent to change our life style. Despite the fact that right now it is difficult to buy green products, pay attention to the environment etc., she thinks that people are more aware of the importance of sustainable development. Ben responded that the intentions to buy green products are wide spread until the individual comes to the cash counter. Chelsea replied the government should lead by example and not just with resolutions. Fred said he spends more time with his family and he feels that they are closer than before the crisis. He also became more aware of the importance of his job for him, recognizing that he really loves it and would feel bad if he lost it. And it connected him with other people at his job, they are communicating more and the quality of communication has improved.

Discussion and Conclusion

A deeper study of crisis causes and effects is needed in both qualitative and quantitative directions, and also the longer-term effects of this crisis have to be evaluated. Kidd and Parshall (2010) believe that confidence in focus group findings could be enhanced by conducting multiple groups (ideally from multiple sites) and by including other data sources. The author acknowledges that some of the issues addressed were not essential to an adequate analysis. The study could be seen as an exploratory study aiming at gaining the first insight into the issues connected with the main theme. It is a good preliminary study for an extensive quantitative research on the subject, so it would be recommendable to expand the theme in further research.

Comparing the results of our study with results of Marketing monitor (DMS 2010), which is conducted by the Academic section of the Marketing Society of Slovenia twice a year on a sample of 1000 consumers, we can deduce that the online focus group has shown its value as an appropriate tool that confirms and complements the quantitative results. The survey study found out that the perception of recession's influence on everyday life is mostly connected with lower wage and decrease of income (36%), loss of job and unemployment (27%), changed working hours, tensions at the working place, decrease of work amount (13%) and higher living costs (12%). They subjectively estimate that they spend 23% less than before the crisis. Shopping today is more planned and considered (60%), expending is more controlled (52%), they buy more private labels (47%), Approximately one third of consumers have changed

buying habits, they prefer more smaller purchases rather than one bigger (36%), postponing or even renouncing bigger spending (32%) and shopping in discount centres (28%).

When analysing and discussing shopping perceptions of consumers, the report of the Food and Agricultural Organization of the United Nations (FAO 2011) should also be taken into consideration; it shows that global food prices at the end of 2010 are at a record high. Basic items such as sugar, cereals, oils and meat products are influencing the rise of the index measuring monthly price changes for a food basket composed of dairy, meat and sugar, cereals and oilseeds, which averaged 214.7 points in December 2010, up from 206 points in November. The last record was set in 2008 when rising food prices caused riots in Cameroon, Haiti and Egypt. Coffee is going to break the record price level in 2011 because of drought in Latin America. Fuel prices are increasing again. Food does not represent the same proportion of monthly spending in developed countries, but nevertheless it is reflected in the spending mood of consumers.

We could ask ourselves which values and moral framework led us to this crisis and what could we do on a personal level to prevent these events from happening again. It demands deep reflection and a change of attitude from everyone (Betto 2010). Kuzmanic (2010) says, commenting on the consumers' society and individual's responsibility, that values are not in crisis, but ethics is. For sure, the current financial and economic crisis is going to enrich people internally and make them more mature. Zadel (2009) says they could become even a little bit wiser because of the life experience they are living right now, if they will be able to internalize it in their personality - in their own ego. Greed could be one of the most important reasons for this crisis, because we were living beyond our financial limits. If somebody is enjoying something he could afford only after ten years of savings, this means that he is taking pleasure in something that does not belong to him. If the recession in 2011 is coming to its end, we are entering a period when economic crisis could transform into different social crises.

As seen from the study, people are rational and adapt quickly to the conditions, and an important share of them are ready to raise their voices (eg. Rados Krnel et al. 2010), but it will be difficult to hear them in all the noise that surrounds the environment. But a shift could be sensed in the relationships with other people, the loss of importance of individualist thoughts and a move toward collectivist, community and family

based values. It is also true that learned lessons are fast forgotten; after a couple of decades or more with a new generation everything could recur again. The availability of new technologies and the ability of people to use them to their benefit in order to become more knowledgeable, informed and sensitive towards others' people problems justify our optimism. Humanity is becoming preoccupied with the happiness and human development indexes, not only with the GDP, and governments should capture this twist in minds. We should not allow ourselves not to learn any lesson from this financial and economic crisis. Let us hope that Rifkin's (2000) vision of how 'cyber networks, electronic commerce and lifestyle marketing are resulting in a final, nightmarish stage of capitalism' will not be realized: 'In this last stage, the commercial sphere wallops the cultural one, and homo erectus is reborn a time-stressed consumer whose most powerful tool is his credit card.' Gerzema and D'Antonio (2010) proclaim that consumerism is not on the wane and brands are not dead, but the companies that will succeed in this new marketplace will be those who are innovating new ways to connect to changing consumer values (Biloslavo and Trnavcevic 2009; Bratkovic, Antoncin and Ruzzier 2009; Franca and Zirnstein 2009; Gomezelj Omerzel and Antoncic 2008). An increasing segment has been recognized by authors that while they are buying, they have shifted from 'mindless to mindful consumption, from acquisitive to inquisitive, and from dependent customers to self-reliant DiYers (Do It Yourself).' As it seems, the neoliberal values that have been imposed on humanity are under major pressure right now. However, we have to see if the outcomes of this crisis are tragic enough to make us think seriously about the overall accepted values that propagated the free market, economic growth and the invisible hand.

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Post-Crisis Sports Marketing Business Model Shifts

Michael M. Goldman

The impact of economic recessions on business strategy and marketing has recently received increased research attention. However, these contributions are limited, especially with respect to sports marketing businesses and those operating in emerging markets. The main aim of this study was to examine the impact of the global recession on the business models of sports marketing businesses. Qualitative data were collected via semi-structured interviews with executives at market-leading sports marketing businesses in South Africa. Grounded theory data analysis was conducted to understand the common patterns within the data. The results of the research point to four significant business model shifts, influencing the customer value proposition, agency relationships, revenue models and staffing approaches of sports marketing firms. Theoretical and practical implications are discussed including the suggestion to revisit the business model upon which sports marketing businesses compete in a post-crisis world.

Key Words: marketing, recession, sport, business model

JEL Classification: L22, M31

Introduction

The recent global recession, which followed the significant downturn in economic activity in late 2007 and was heralded by most economists towards the end of the first quarter of 2008, has been described as the longest recession since the Great Depression, with Federal Reserve Chairman Bernanke suggesting that it has been the 'worst financial crisis in modern history' (Wessel 2010). Across the Atlantic, Germany, France and the UK slid into recession, with the UK economy experiencing six consecutive quarters of contraction and being the last major economy to emerge from the recession in early 2010 (Seager 2010). Emerging markets were also negatively affected, with Brazil and South Africa experiencing negative economic growth, and China's manufacturing sector and India's services sector suffering slowdowns.

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The recession resulted in a number of high profile corporate failures, both on 'Wall Street' and 'Main Street,' with discontinuities expected in traditional industry structures (Banerji 2008). The belief that the sports industry may be recession-proof was also tested during 2009, with Bud Selig, the Commissioner of Major League Baseball suggesting that 'we're in something that I think you can see is just different from anything we've gone through' (Daubner 2009, 3). Cricket rights-holders in South Africa pointed to the role of the recession in 'making it doubly hard to secure commercial deals' (Naidoo 2009, 1), while FIFA expressed concerns about the negative impact the recession would have on revenues from the 2010 World Cup tournament (Gleeson 2009). Chadwick (2009) documented high profile examples of recession-impacted sports, including Formula One, golf and the National Football League (NFL). Most recently, the NFL's Neil Glat suggested that in a post-crisis tougher economic environment, the sport and media marketplace was still 'trying to figure out what's the new normal' (Lefton and Ourand 2011, 27). The possible impacts of the recession on sports marketers, and the need to respond quickly and appropriately, is thus of significant importance to sports marketing businesses and marketing practitioners in general.

Despite the important role that economic recessions have on business strategy, the academic management literature has provided limited guidance on successfully navigating a recession (Latham and Braun 2010; Navarro 2005). Recently, a number of researchers have contributed to an increased understanding of the impacts of a recession on business (Fullerton and Morgan 2009; Sull 2009; Margolis and Stoltz 2010), although very few of the recent contributions have focused on the sports industry. Therefore, the purpose of this paper was to investigate the impact of the global recession on sports marketing business models. The remainder of the paper will review the growing research related to the impact of recessions, followed by a presentation and discussion of the results of a recent study of the impact of the global recession on sports marketing business models in South Africa.

Review of Recession Research

Given the space constraints of this paper, the following review of recession research will focus on recent contributions from the strategic management and marketing literature, including sports marketing. This review will also draw on recent academic thinking regarding business model evolution.

Recent strategic management research on turbulent markets suggested striking the 'right' balance between agility and absorption (Sull 2009, 84). Organisational agility was defined as the firm's ability to consistently identify and capture business opportunities ahead of rivals. Sull (2009) pointed to three distinct forms of agility, including operational, portfolio and strategic. Nimbleness is thus seen as key to thriving in turbulent markets. Should circumstances, however, change and require organisational strength and toughness to withstand tough times, Sull (2009) proposed ten forms of absorption abilities, including diversified cash flows, customer lock-in, and intangible resources.

One of the intangible resources Sull (2009) suggested is expertise. Margolis and Stoltz (2010) focused on the role of high levels of psychological resilience expertise amongst managers in an organisation facing turbulent markets. The researchers built on previous arguments by outlining a set of 'response-oriented thinking' (Margolis and Stoltz 2010, 91) questions to enhance managers' abilities to absorb the immediate concerns of a crisis and redirect energy on moving forward. Navarro (2009, 45) argued for the important role of business cycle forecasting and business cycle management strategies expertise in order to 'recession-proof' a business.

Rhodes and Stelter (2010) echoed Sull's (2009) balanced approach between attack and defence in a downturn. Rhodes and Stelter (2010) argued for a considered phase of assessment in order to fully understand and perhaps reduce a firm's exposure to adversity. The researchers expand on one of Sull's (2009) other absorption abilities: protecting one's core market. Rhodes and Stelter (2010) called for increasing the financial, operational and strategic fitness of the existing business. Shifting on the front foot, Rhodes and Stelter (2010) advocated investing for the upturn, including rethinking business models and evaluating acquisition opportunities.

Within a few months of the recession taking hold within North America and Europe, Court (2008) was one of the earliest to offer some guidance to marketers on how to adjust their marketing strategies and spending. He provided evidence for the need to reprioritise geographic growth forecasts, consumer segment profitability, sales functions and communication vehicles, including sponsorships. Quelch and Jocz (2009) built on the consumer segment profitability priority and developed Court's (2008) guidance into a framework proposing specific tactics for firms, depending on their type of offering or risk of sales downturn, as

well as on the extent to which their primary consumers were being affected by the recession.

Most recently, Piercy, Cravens and Lane (2010,12) proposed an 'action agenda' for marketing management to take advantage of the new market realities after the recession. Their seven-step agenda included reinventing the marketing strategy, innovating radically in product strategy, and developing a value-based competitive advantage.

Within the broad marketing domain, researchers have provided additional recession guidance to managers in the fields of consumer segmentation (Flatters and Willmott 2009; Latham and Braun 2010), brand strategy (Raggio and Leone 2009) and advertising (Tellis and Tellis 2009). Sector-specific recession-related research has been limited to retailing (Favaro, Romberger and Meer 2009), steel, technology, chemicals and consumer goods (Bekaert, Zeumer, Kutcher, Wagle, Bohlen, Weaver and Andre 2008), as well as the sports industry (Dauber 2009; DeSchrive 2009; Fullerton and Morgan 2009; Horne 2009).

Sports Marketing Business Model Shifts

The impact of the economy on sport has been researched in both professional and collegiate sports contexts. DeSchrive (2009) outlined the evidence available of financial difficulties within a number of college programmes. He pointed to the impact of the economic downturn on fans, donors, sponsors and advertisers, and discussed possible areas of cost cutting. Dauber (2009) drew on extensive economic and game attendance data sets for the NFL, NBA and MLB to investigate the relationship between a number of economic variables and game attendance. Her statistical analysis found strong support for the role of State GDP, as well as limited support for unemployment and housing starts and sales.

In the professional sports context, Horne (2009, 2) argued 'some see the corollary of the credit crunch for sport as the sponsorship squeeze.' Fullerton and Morgan (2009,1) echo this view in their extensive discussion on the impact of the recession on both the marketing of sports and marketing through sports. They suggested 'sponsorship-based strategies have borne the brunt [...] as marketers of nonsports products have begun to shy away from the sports domain.' Fullerton and Morgan (2009) expanded on DeSchrive's (2009) initial guidance to sports managers, listing reduced headcount, deleted products, aggressive pricing, and a media-based audience emphasis as possible responses.

Although these recent contributions, within the sports industry and

without, have deepened our understanding of the business impact and response to recessions, they are still limited and isolated. The possible role of a recession on a firm's business model has also not been fully addressed.

Research into business models and their evolution has previously suffered from definitional limitations and inconsistencies (Morris, Schindehutte, and Allen 2005; Shafer, Smith and Linder 2005). Ho, Fang, and Lin (2010) employed Zott and Amit's (2008,172) definition of a business model as a 'structural template that describes the organization of a focus firm's transactions with all of its external constituents in factor and product markets.' The idea of a structural template echoes previous conceptualisations of the 'architecture of a firm' (Dubosson-Torbay, Osterwalder and Pigneur 2002, 7) and the 'underlying core logic and strategic choices' (Shafer, Smith and Linder 2005, 202). Zott and Amit's (2008) comment about the organization of transactions draws on Osterwalder, Pigneur and Tucci's (2005,17) idea of 'a set of elements and their relationships' and Johnson, Christensen & Kagermann's (2008, 61) emphasis on 'key processes' to use resources to provide customer value. The inclusion of a focus on all external constituents or stakeholders is supported by Dubosson-Torbay, Osterwalder and Pigneur's (2002,10) expression of a 'network of partners.' Most recently, Giesen, Riddleberger, Christner and Bell (2010) synthesised previous definitions to articulate four elements of a business model: customer value creation; customer value delivery; revenue generation; and value chain positioning.

Ho, Fang, and Lin (2010) found evidence of business evolution among firms in Asia. They categorised the business model designs studied along a continuum from novelty-centred to efficiency-centred and tracked how the design was adjusted due to a changing industry environment. Giesen et al. (2010) studied business model innovators and identified a set of characteristics that these organisations consistently demonstrate, including internal and external alignment, analytical capabilities, and adaptable decision-making and operating models. Johnson, Christensen and Kagermann (2008) suggested revisiting the appropriateness of the profit formula, key resources and key processes aspects of a successful business model when looking to fulfil a very different customer value proposition.

Research into understanding the elements of a business model and its evolution has thus pointed to the need to align the design of the business model to the external industry and customer environment. Given the significant impact the recession has had on the economics of multiple

industries and numerous segments of customers, it is likely that sports marketing business models may also have been affected.

Methodology

A qualitative methodology was followed in order to gain a deeper understanding of the manner in which sports marketing business leaders in South Africa are thinking about and responding to the global recession. Within the context of sports research, Stewart, Smith and Nicholson (2003,214) suggested 'there are strong grounds for undertaking more qualitative research [...] to tease out some of the more subterranean beliefs and motivations.' Purposive sampling techniques were employed to target and gain access to the Chief Executives of the five sports marketing businesses that dominate the sports sponsorship, rights commercialisation, and venue advertising in South Africa. These firms, including the SAIL Group, Octagon South Africa, MEGAFRO Marketing, Havas Sports and Entertainment, and Matchworld, are responsible for the rights commercialisation of all professional sport in South Africa, as well the activation of the majority of sport sponsorship deals in the country.

Semi-structured interviews with the five firm executives in South Africa were conducted by the researcher during 2009, a period in which the South African economy was increasingly being affected by the global recession (Gordhan 2010). The interview guidelines for the research were compiled by a researcher team, as part of a larger multi-sector research project on the global recession. Data were collected via audio recorded and transcribed meeting conversations, as well as researcher field notes, heeding Martin and Turner's (2006, 357-62) practical guidance in terms of 'good notes' that are written within twenty-four hours of observation, and 'theoretical memoranda' that expand ideas gathered about categories and relationships.

The researcher was guided by Turner's (2006) nine stages of grounded theory to analyse the qualitative data gathered. These stages included: developing categories; saturating categories, crafting and using abstract definitions; exploiting each category fully; noting and developing links between categories; questioning the conditions under which these links hold; making connections to theory; and testing with extreme comparisons.

Findings and Discussion

'If you have a creative property and a creative thought that meets the objectives of the corporates, no relationship is going to stand in your way

TABLE 1 Summary of business model shifts

Pre-recession business model	Recession-triggered business model
Value proposition defined by media exposure and supporter numbers.	Value proposition defined by measurable business value outcomes.
Highly competitive independent agencies that do not work together.	Competitive, but increasingly collaborative arrangements.
Middle-man commissions-based revenues.	Consulting or project-based revenues.
Employees characterised by previous athletes with strong relationships.	Employees increasingly characterised by business and marketing graduates.

[...] the recession has made us think that way' (interviewee #1). Table 1 outlines the key patterns that emerged from the research. These sports marketing business model shifts were attributed by all respondents to the increased pressure that the global recession had applied on the companies and fans they most deal with. They capture the four shifts respondents felt were having the most impact on their strategies and operating principles.

The analysis of the qualitative data gathered generated the four categories of sports marketing business model shifts summarised above. Each of the categories in the findings is discussed below, including relevant excerpts from respondents.

CATEGORY ONE: VALUE PROPOSITION

The sports marketing business leaders argued that the traditional pre-recession expectation of large numbers of media viewers and team supporters was no longer sufficient. As a respondent commented: 'some of the soccer teams say they have 10 million supporters when they don't even have 1000 on their database, it means nothing to anyone, we need to unlock that passion' (interviewee #3). Another acknowledged that they were 'under pressure to show greater value for the product we are putting on, there is no question about it [...] it is not so much the wall paper now, it is very much 'so what,' give me something that is going to have direct meaning' (interviewee #5) or 'same offering for less' (interviewee #4). The economic downturn has thus impacted sponsor expectations as sponsorship rights and activation budgets have been cut, while the business is increasingly requiring more tangible and measurable business returns from marketing investments. Sports marketers have thus needed to rethink their offering to ensure a real, positive and significant connection between sponsorship investments and product sales: 'we charged

them nothing, showed them the value and we have got them back and they are spending' (interviewee # 4).

The findings confirm the importance of a compelling customer value proposition that is relevant to the current needs of the target market, while clearly and unambiguously communicating how the offering solves a problem the customer is currently facing (Johnson, Christensen and Kagermann 2008; Piercy, Cravens and Lane 2010). These findings also echo Anderson, Narus and van Rossum's (2006, 93) advice to not just base a customer value proposition on an organisation's set of benefits, or even their favourable points of difference relative to the competitors, but to employ a 'resonating focus' that draws together only the points that deliver the greatest value to that specific customer at that time. Importantly, the findings of this research suggest that the customer's expectation of value has shifted as a result of the recession, perhaps for good.

CATEGORY TWO: AGENCY RELATIONSHIPS

In the past, the participants and competitors in the sports industry operated fairly independently. The findings suggest that the recession has forced competitors to sometimes collaborate in order to pool resources and provide the value required by clients. Differences were found in the approaches to this collaboration, with one respondent arguing that they 'need to be able to move into the centre position and let everyone else come around us' (interviewee #2), while another was entering 'strategic alliances with other agencies [...] it has worked very well for us [...] and I think in these times it is a very prudent approach' (interviewee #5).

McSweeney-Field, Discenza and De Feis (2010) have argued that, in an increasingly complex and unstable environment, strategic alliances enable the harnessing of specific resources and skills of each organisation to achieve greater common goals for the partners. This research has found support for the role of collaboration between competitors in order to remain sustainable through the recession. As such, this study has found evidence of the collaborative advantage proposed by Kanter (1994), as well as the role of a network of partners, to successfully compete in turbulent environments (Dubosson-Torbay, Osterwalder and Pigneur 2001).

CATEGORY THREE: REVENUE MODEL

With increased pressure on corporate sponsor revenues, especially in the financial services and manufacturing sectors, and reduced ticket and

merchandising income for rights holders, sports marketing businesses have found their traditional 'intermediary' role under fire: 'the feedback we get is complete mistrust [...] it is, what is really going on with the figures, who takes the money, there is a perception that we are wheelers and dealers and that we take money all sides and we are not honest in what we are doing' (interviewee #3). The shift in value proposition expectation is also having an impact on revenue models, with the sports marketing businesses 'now working with clients to try and strategically fit properties to their brands with the correct sort of activation and programmes that are going to rock right down to sales level' and having to 'change our thinking [...] selling big packages and making massive commissions is gone' (interviewee #1).

The findings confirm the need to adjust pricing, revenue model, and cash flow diversification decisions when an organisation changes their customer value proposition (Johnson, Christensen and Kagermann 2008; Sull 2009). The study suggests that Johnson, Christensen and Kagermann's (2008) advice to begin with the price required to deliver the customer value proposition and then to work backwards to calculate the costs and profit margin, may be increasingly useful during and after a recessionary period. These findings also point to the important role of Anderson, Narus and van Rossum's (2006) value word equation that captures the savings and benefits an offering can provide to a specific customer over a period of time.

CATEGORY FOUR: STAFFING

Given the departure from the pre-recession business model, sports marketing business leaders commented strongly on the need for a new type of employee, 'we are a marketing company, we need marketing people' (interviewee #2). The view has changed from preferring to employ people with sports backgrounds, to now actively not. As the same executive commented: 'Somebody comes and says "we really love sport, we would like to join you," we say "why don't you join a sports club?"' (interviewee #2). In terms of specific skills and experience the businesses now prefer, they include 'marketing creative savvy [...] need to come up with ideas [...] understand what the consumer wants' (interviewee #1) and have 'the ability to talk to MDS and CEOs' (interviewee #4). Another director suggested that they 'need to have a couple of engineers here because they understand the concept of project management' (interviewee #5).

This study finds support for the need to adjust key resources, inclu-

ding people and skills, during periods of downturn when the organisation's customer value proposition is changed (Johnson, Christensen and Kagermann 2008). The findings also point to the important role of Giesen et al.'s (2010) analytical capabilities, within a set of intangible resources and business expertise (Navarro 2009; Sull 2009). These findings also echo the views of O'Cass and Ngo (2007), who argued for the greater need for businesses to develop marketing capabilities when faced with unstable markets, as opposed to stable environments. This research also builds on the findings of O'Cass and Weerawardena (2010), who found evidence of the relationship between a turbulent and intensely competitive industry and the development of market-focused learning capabilities and superior marketing capabilities.

Conclusion

The purpose of this paper was to investigate the impact of the global recession on sports marketing business models. The findings of the study identified four significant shifts in the business models of sports marketing businesses, which the leaders of these firms ascribe directly to the impacts of the global recession. The study's findings confirm the role of the economic crisis in changing the bases on which sports marketing businesses compete. The results of the research highlight the business model shifts found in the areas of the customer value proposition, agency relationships, revenue models and staffing approaches of sports marketing firms.

This paper therefore contributes to our theoretical understanding of the extent to which sports marketing business models are changing due to the recession. Specifically, the findings extend previous recession and business model research by investigating these shifts in a sports marketing context. The results of the research confirm the business model structure proposed by Giesen et al. (2010), as well as emphasise the focus on relationships (Osterwalder, Pigneur and Tucci 2005). The finding of a business model shift towards greater collaboration among competitors contributes an external partner network aspect to Johnson, Christensen and Kagermann's (2008) work on adjustments required when looking to fulfil a very different customer value proposition. The research also emphasises the important role of staffing and skills changes required within the sports marketing industry, thereby extending previous work in this area (Fullerton and Morgan, 2009). The paper draws on data gathered in an emerging market that is becoming increasingly important in the

global sports industry and thus adds to the global sports marketing body of knowledge.

For practitioners, this research holds significance for sports marketers facing increased pressure in the post-recession trading conditions. The study suggests important strategic management and marketing considerations during periods of uncertainty. Specifically, the findings encourage sports marketers to revisit the skills and competencies of their employees, adjust their pricing approaches, position themselves within a more collaborative network, and verify the relevance and appeal of their value proposition. As the sports industry evolves and is further impacted by economic trends in different parts of the world, the experiences and shifts under way in South Africa may be instructive.

Research of sports marketing business models during economic crises would benefit from future research in other strong sports marketing markets. Given the growing importance of other emerging markets, it would be especially useful to encourage further studies in other major African economies, such as Kenya and Nigeria, as well as in certain South American, Eastern and Central European, and South East Asian markets. In order to generalise more strongly from future research, scholars would be encouraged to consider suitable quantitative methods to gather and analyse business model-related financial and other management data.

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The Impact of Crisis Sales Promotions on Branded and Unbranded Toys

Danijel Bratina

This paper presents the research findings of a toys brands sales promotions study conducted in Q4 (4th quarter) of years 2007 and 2009 (pre- and mid- crisis). The primary research objectives were to determine the impact of economic crisis determinants (such as lowered purchasing power, increased unemployment rates, changed purchasing behavior of consumers) on new years' toy sales, in particular the impact on known brands' sales vs. sales of unbranded products. Eight known toys brands promotions sales have been compared to eight unbranded competitive products in different toys subcategories for the two Q4 of year 2007 and 2009. Findings show that although the mean purchase amount had considerably diminished in year 2009, major brands sales were not affected at all.

Key Words: SCAN+PRO model, effects of crisis on purchasing behaviour, toys market, sales promotions effects

JEL Classification: M31

Introduction

Sales promotions have been increasingly used as the primary marketing communication tool in almost all consumer markets. This is due to their relatively easy accountability and immediate effects, compared to other elements of the marketing communication mix. (Bell, Chiang, and Padmanabhan 1999; Conchar and Zinkhan 2005; Assmus, Farley, and Lee-hmann 1984; Bucklin and Gupta 2000; Tellis 1988; Van Heerde 1999) Although there has been an increased interest in gaining some generalizations from sales promotion activities, few conclusions have been made so far on the impact of sales promotions (mainly price reductions), with the exception of the fact that temporary reductions of prices considerably increase sales for the time of the promotion being in effect. Other researches, such as pre- and post- promotion dips, long term effects of sales promotions and other, have not yet reached a generalization state. This is mainly due to the fact that it is impossible to include all deter-

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minants that affect consumer behavior in a purchasing process (Jedidi, Mela, and Gupta 1999; Raju 1992).

Sales of toys have historically been heavily promoted in Q4 of the year, due to the Christmas season. Q4 sales compared to the other periods of the year also account for around 70% of total annual volume. Typical marketing activities that are used by retailers in this period are heavy discounting, price bundling, catalogue sales, increased TV advertising and increased in-store promotions.

Our study arises from a former study of the impacts of price promotions on brands that was conducted in 2007 and included toy brands. Our findings at that time were that brands' equity as defined by Aaker (1991) or Keller (1998) determinants (whichever used) have negative effects on sales promotions, meaning that the more powerful the brand, the less effect sales promotion has on its sales during the period of discounted pricing. This fact does not change if additional marketing communications tools (advertising, point of purchase advertising,...) are used.

The economic crisis started in Slovenia with a delay of 9-12 months, where its effects started to show only by the end of 2008. On the other hand, Slovenia was among the hardest hit economies in the Eu-25, its GNP in 2009 reaching a drop of 8.5% (SURS 2009). Some Asian and Eastern Europe countries had declared themselves to be out of recession already in 2009, while Slovenia in 2010 was still well into the recovery process.

Some studies have been conducted on the changes of purchasing behavior during recession (e.g. Faganel 2011). Perhaps the most comprehensive is that of Granfield (2009), who lists ten effects of crisis on purchasing trends, namely:

- *The Aldi effect* - finding cheaper retail outlets to purchase the same things, rather than not purchasing at all.
- *The lipstick effect* - purchasing items of smaller value in place of more expensive luxury items as a personal treat.
- *The armchair effect* - consumers look to their homes as the new entertainment hub; triggers home upgrades as they wish to make houses "entertainment" ready.
- *The rain-check effect* - high value purchase decisions, or high risk decisions, will be put on hold, as consumers look to postpone any non-essential purchases to more settled economic times.
- *The Mr. Burns effect* - consumers reduce charitable donations and ethical behaviours in the face of economic downturn.

TABLE 1 Effects of crisis on sales

Type of effect	Purchasing behaviour
Aldi effect	Less total revenue
Lipstick effect	Buying cheaper and/or unbranded toys
Armchair effect	Less total revenue due to reuse of already owned toys
Rain-check effect	Less total revenue
Mr. Burns effect	No effect
Herd effect	Increased impact of other effects
DIY effect	Less total revenue
Real Money effect	Buying cheaper and/or unbranded toys + diminished buying on credit terms
Optimist effect	Increased sales of creative toys
Calvin effect	Look for value in a toy rather than just buy presents.

- *The herd effect* - even those consumers with financial stability will modify behaviours, influenced by the behaviour and panic of those around them.
- *The DIY effect* - consumers will start to opt for self-service rather than do-it-for-me, as decreasing discretionary spending forces them to cut back on non-essential services.
- *The Real Money effect* - consumers avoid using voluntary credit as they fear committing themselves to a future debt, i. e. Will I have the money to pay off that sofa in 24 months time?
- *The optimism effect* - consumers will look to companies or brands with fun/light-hearted personalities that relieve the temporary doom & gloom of life.
- *The Calvin effect* - consumers look to rein in their hedonistic spending patterns in favour of a more conservative approach to their money.

In terms of purchasing toys within a single toys' chain (the possibility of switching stores being excluded), these effects could be summarized as shown in table 1.

The purpose of our study was to determine which of the above mentioned effects have actually affected consumers in their purchasing behaviour of toys. Not all effects, however, can be explicitly confirmed because, as shown in table 1, some effects have equal impacts and it is difficult to attribute the impact to a single effect. We thus focused our research on the changes in sales of unbranded vs. branded products, chan-

ges in total revenue, mean purchase amount to account for aggregated Aldi/DiY/Armchair effects and for the Lipstick/Real Money/Calvin effects.

Research Objectives and Methodology

The aim of our research is to gain an insight into the effects of the crisis period on sales of branded and unbranded products.

The research studies sales promotion effects (quantities sold) during a non-crisis and a crisis period (Q4 in 2007 and 2009) on 8 different toy products from 5 different subcategories of toys. We focused our research on 5 subcategories of toys - in parenthesis the market leader for the Slovenian market is listed and has been compared to an unbranded copy or equivalent:

1. Construction toys (LEGO)
2. R/C (radio/controlled) cars (Nikko)
3. R/C flying toys (Silverlit)
4. Baby dolls (Baby Born)
5. Electronic educational toys for 6m (Fisher Price)
6. Racing car slots (Carrera)
7. Girls' dolls (Barbie)
8. Musical instrument (Bontempi)

All brands have been compared to their complementary unbranded (or unknown brands) products. To determine toy brands' equity determinants we used Keller's (1998) model of brand equity, which is based on two groups of determinants - brand recognition and brand image. The purpose of this paper is not to argue or study different brand equity models nor it is to evaluate the Keller's model. We thus used a simple method to determine the two brand equity determinants by surveying customers of a determined toy's chain in two different periods (December 2007 and December 2009) about the knowledge of the above mentioned brands. Surveying was conducted by paid interviewers positioned at the exits of 10 different stores of the same chain, who in total surveyed 450 respondents in 2008 and 390 respondents in 2009. Brand awareness was measured with an open-ended question to assess un-helped recognition and a dichotomic question to assess helped awareness. Both have been combined into a factor of awareness (biased average - 70% of un-helped recognition and 30% of helped - into a single percentage unit measuring

TABLE 2 Calculated brand awareness determinant

Brand	2007	2009
LEGO	100	100
Nikko	45	40
Silverlit	35	50
Baby Born	65	67
Fisher Price	95	90
Carrera	67	70
Barbie Mattel	92	90

TABLE 3 Calculated brand image

Brand	2007	2009
Le ^g o	90	86
Nikko	70	60
Silverlit	80	76
Baby Born	76	74
Fisher Price	88	82
Carrera	64	45
Barbie Mattel	61	49

brand awareness). The two questions measuring brand image have been equally aggregated into a single factor of brand image. Results for both years are shown in table 2 (awareness) and table 3 (image).

Sales quantities have been downloaded from the selected toy's chain sales from 1. Oct till 31. Dec 2007 and 1. Oct. till 31. Dec 2009 from 10 of their major stores spread around Slovenia (5 located in towns with population above 10,000, and 5 in towns with population below 10,000). Because of the confidentiality agreement we are unable to disclose the absolute monetary values of sales, we only show relative sales values of different brands in each store in year 2009 compared to the year 2007. To eliminate the doubt of sales being affected by some new items' one-year hit (like for example Tamagochi in 2000) we only looked at one single product's sale (or its replacement - new packaging/restyling) for each different brand.

Competitive (unbranded) products were selected using the following criteria: same sub-category, same size, same or comparable functions. Although this was fairly easy for some brands (Lego, Silverlit), we found it very hard in other (baby born, Fisher price), mainly due to the large selection of unbranded alternatives. We opted for a solution of the best-selling competitive alternative. Sales are shown in tables 4 (2007) and 5 (2009).

In both periods analyzed, the five stores from bigger towns show an inverted picture as opposed to the five stores from smaller towns. While in bigger towns there is a strong preference for the branded products, the difference is not so big for the shops in smaller towns (sig. < 0.01). This could be due to an extreme difference in purchasing power between bigger and smaller towns in Slovenia (SURs 2009), where the difference

TABLE 4 Quantities sold in 2007

Store	Leg ^o	Nikko	Silverlit	Baby born	Fisher Price	Carrera	Barbie Mattel
	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.
Store 1	150	25	102	55	110	25	45
	15	20	20	12	25	10	9
Store 2	122	25	98	45	79	23	23
	18	26	10	12	30	2	7
Store 3	114	18	50	40	102	18	6
	2	14	12	12	15	2	8
Store 4	88	29	71	30	77	10	25
	15	15	25	8	30	3	12
Store 5	75	17	40	22	55	5	43
	25	10	6	10	10	0	12
Store 6	98	14	25	22	30	6	5
	30	3	7	18	20	7	9
Store 7	75	10	26	12	15	2	6
	1	3	7	15	15	19	9
Store 8	45	5	14	8	5	3	12
	3	15	10	14	15	7	0
Store 9	23	7	10	9	17	8	8
	2	12	15	15	27	10	12
Store 10	12	6	5	3	0	9	4
	0	7	18	8	5	12	9
Total	802	156	441	246	490	109	177
	111	125	130	124	192	72	87

between the richest and poorest areas is more than 200% (in terms of salaries).

Branded products all show an increased number of units sold (except for Lego), while unbranded items show a decrease in the number of products sold between the two periods analysed.

Brand Determinants

As already mentioned, brand determinants from a simplified Keller's brand equity model have been computed using a cross-sectional ques-

TABLE 5 Quantities sold in 2009

Store	Leg ^o	Nikko	Silverlit	Baby born	Fisher Price	Carrera	Barbie Mattel
	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.	Unbrand.
Store 1	155	41	113	71	118	19	29
	15	21	22	6	25	1	13
Store 2	130	25	112	59	75	38	29
	1	9	0	12	17	0	8
Store 3	99	32	68	42	96	29	9
	7	7	0	17	11	0	9
Store 4	95	46	70	13	95	25	29
	12	12	28	12	34	0	0
Store 5	64	21	42	6	46	4	54
	22	11	0	9	0	0	0
Store 6	78	4	24	25	23	2	17
	30	6	0	1	23	5	14
Store 7	59	26	30	11	18	0	3
	5	3	8	19	17	23	14
Store 8	59	11	3	7	19	16	27
	5	8	0	15	15	10	0
Store 9	9	9	0	16	3	3	5
	0	3	19	16	21	14	0
Store 10	1	0	20	13	8	4	6
	3	7	21	0	4	6	0
Total	749	215	482	263	501	140	208
	100	87	98	107	167	59	58

tionnaire. Brand awareness and image (computed variables) are shown in tables 5 and 6.

We have tested both samples for statistical differences and found the following evidence. Except for the brand Silverlit, all brands show a decrease in perceived quality levels and in positive associations, and all except Lego are statistically significant ($p < 0.01$). Silverlit was a relatively new brand in 2007, thus an increase in its awareness and knowledge could derive from this fact. While for the others, being very different brands, showing similar patterns, we could deduce that, with an increased invol-

TABLE 6 Awareness variables of Keller's brand equity model

	Lego	Nikko	Silverlit	Babyborn	Fisher Price	Carrera	Barbie Mattel
2007, <i>n</i> = 450							
(1)	100	20	30	40	70	15	80
(2)	100	70	60	80	90	60	95
(3)	100	35	39	52	76	28.5	84.5
2009, <i>n</i> = 390							
(1)	100	18	55	28	48	10	90
(2)	100	56	75	65	75	55	82
(3)	100	29.4	61	39.1	56.1	30.5	87.6

Notes: (1) perceived quality, (2) percentage of positive associations, (3) computed awareness variable.

TABLE 7 Image variables of Keller's brand equity model

	Lego	Nikko	Silverlit	Baby born	Fisher Price	Carrera	Barbie Mattel
2007, <i>n</i> = 450							
(1)	4.2	2.6	2.5	3.5	4.4	1.5	2.2
(2)	80	45	55	80	78	45	75
(3)	82	48.5	52.5	75	83	37.5	59.5
2009, <i>n</i> = 390							
(1)	4.1	2.7	3.4	3	4.2	1.7	3
(2)	75	49	52	77	74	28	77
(3)	78.5	51.5	60	68.5	79	31	68.5

Notes: (1) perceived quality, (2) percentage of positive associations, (3) computed awareness variable.

vement of the purchaser's mental activity in the process of the products' acquisition, they become more critical about products.

A Model of Sales: Impact of Brand Equity Determinants on Sales Promotions

Data availability from the company's information system (quantities sold of each item/day, price of sold item, promotion activities, catalogue dates,...) allowed us to build a SCAN*PRO (Wittink et al. 1988) model of sales promotion, in which we added brand equity determinants. We applied the most commonly used model for analyzing the effects of sales

promotions - Wittink's SCAN*PRO model - which to date has been used in already more than 2000 different research studies (Bratina and Faganel 2008). It would be beyond the scope of this paper to propose and test different fundamental approaches to the study of sales promotion effects, and thus we applied the most widely used. SCAN*PRO can be written as:

$$Q_{it} = \frac{P_{jt}}{\bar{P}_j} \prod_{l=1}^4 \gamma_{ij}^{D_{ijl}} e^{v_{it}} \quad (1)$$

Where the first part represents the relative price (if no promotion it is 1) and the product represents different promotional activities as well as brand determinants (in our case 4). By simple log-log linearization we get a simple regression model:

$$\ln Q_{it} - \ln \lambda_j = \beta_j \ln \left(\frac{P_t}{\bar{P}} \right) + \sum_{l=1}^4 D_{it} \ln \gamma_l + v_{it}, \quad (2)$$

where the term β_j directly represents price elasticity, while terms D_{it} show the impact of catalogue, brand awareness and brand image.

It could be argued that some determinants have not been included (such as advertising). We have omitted this on purpose to allow for the model to be built exclusively on company's internal data. Advertising data are usually available only from syndicated research companies. The company itself did no advertising (except for the catalogues), but some advertising has been done by the suppliers of the toys themselves.

The model we built used daily data from 1. Oct to 31. Dec in years 2007 and 2009. Since all ten stores had the same marketing activities variables (price changes at same time, in-store display on same dates and other communication mix activities), first we aggregated daily sales among all stores. Such data however are subject to daily fluctuation of sales due to uncontrolled effects (weather, discrete events,...). Findings are shown in table 7 (for 2007) and 8 (for 2009).

Models' R^2 vary from 0.35 to 0.75 which makes them relevant (using the rule of thumb stating the R^2 threshold of 0.25).

Both models, from 2007 and 2009, show that branded products' price elasticity is lower than unbranded. This could be due to two facts - brand's immunity to price promotion (an attribute that could be used as a measure of the brand's power, see Aaker 1991) or the fact that brands amount their products less often and for lower discounts. Such discounts could end up below the threshold line (Hannsens, Parsons, and Sc-

TABLE 8 scAN*PRo coefficients for sales in 2007

Brand	Price	Catalogue*	Brand awar.	Brand image
Le go	-1.2	-0.266	0.066	0.041
Unbranded	-2.12	0	n/a	n/a
Nikko	-0.23	0.316	0.669	0.722
Unbranded	-1.4	0	n/a	n/a
Silverlit	-0.25	-0.945	0.749	0
Unbranded	-0.52	0	n/a	n/a
Baby born	-0.12	-0.171	0.342	0.132
Unbranded	-0.33	-0.473	n/a	n/a
Fisher Price	-0.6	-0.54	0.007	0.097
Unbranded	-1.2	-0.7	n/a	n/a
Carrera	-0.3	-1.02	10.43	0.845
Unbranded	-0.5	-5	n/a	n/a
Barbie Mattel	-1.3	-0.3	0.285	0.348
Unbranded	-2	-0.1	n/a	n/a

Notes: * 1 = yes, 0 = no; n/a = not available, not measured.

hultz 2001; Van Heerde, Leefland, and Wittink 2001) of a demand/price curve, and thus cause no effects. We deduce that the first fact is true, as the discount depth and frequency in not different between branded and unbranded products. It should also be noted that in 2009 price elasticity decreased for branded products and increased for unbranded.

Discussion

If we first analyze quantities sold in Q4 of 2007 and 2009, using a simple two samples t-test, we can statistically confirm that sales of branded items were affected positively, while sales of unbranded items diminished during the same period in the 5 stores inside major towns, while this effect is less evident for the five stores in smaller towns. Increases in branded items sales vary from 0% to 70% in major stores, and from 0% to 55% in stores located in smaller towns. At the same time the total turnover of branded items (in monetary values) increased by 18% (figures not shown due do privacy protection), while unbranded items showed only a 3% increase in the same time (aggregated for all ten stores).

Brand awareness determinants and brand image determinants have on average not changed in the two periods. However some brands showed

TABLE 9 SCAN*PRO coefficients in 2009

Brand	Price	Catalogue*	Brand aware.	Brand image
Legó	-0.8	-0.35	0.02	0.05
Unbranded	-1.5	0	n/a	n/a
Nikko	-0.2	n/a	0.7	0.712
Unbranded	n/a	0	n/a	n/a
Silverlit	-0.5	-1.2	0.545	0
Unbranded	-0.6	0	n/a	n/a
Baby born	-0.06	-0.15	0.214	0.121
Unbranded	n/a	-0.32	n/a	n/a
Fisher Price	-1.2	-0.7	0.125	0.023
Unbranded	n/a	n/a	n/a	n/a
Carrera	-0.5	-1.3	0.52	0.23
Unbranded	n/a	n/a	n/a	n/a
Barbie Mattel	-1.3	-0.5	0.42	0.52
Unbranded	-2	n/a	n/a	n/a

Notes: * 1 = yes, 0 = no; n/a = not available, not measured.

statistically significant changes in positive direction (Silverlit) and negative (Baby born, Fisher Price) for calculated awareness, and positive (Silverlit, Barbie) and negative (Baby born, Carrera) for calculated image.

We tried to find a correlation between brand's equity factors (awareness and image - as aggregated variables and as separate determinants) and the change in quantities sold/turnover created for all the brands analyzed. We found only weak positive correlation between brand awareness (any combination) and quantities sold. All other correlations were statistically insignificant.

The model shown in table 9 represents a sales forecast model based on the scAN*PRO model. It is known that such models have powerful prediction results around data points, but fail considerably on the edges (close or equal to zero and large discounts) of continuous variables. This is mainly due to simplification of the model to a easily interpretable model, while it has been proven that the sales deal curve is S-shaped, where the left arm of the S-shape is attributed to consumer's threshold, where consumers are not responding to low or insignificant discounts, while the right arm of the S-shape is attributed to a saturation effect, where consumers are reluctant to buy more than a certain amount of the

product, due to their inability to store or consume a greater volume of the product. Both effects vary considerably among different markets and for different brands. To account for both effects semi parametric analysis is used (Van Heerde, Leefland, and Wittink 2001, 2004). The range of discounts for our products was from 5

While we can confirm that the effect was not negligible for the 5% discount (we were over the threshold for the given product), we can not say for sure that the 40% was not already in the saturation area of the discount levels as we did not have a continuous set of discounts for a given product, but only a few.

The model shows that price elasticity is negative from -0.12 up to -2 and is higher for unbranded products. Although we can not statistically test it, we can clearly see a pattern where values for price elasticity for branded products are higher in 2007 than in 2009, while for unbranded products they are higher in 2009. Consumers shifted their purchases to branded products already before discount periods started, and discounting had less effect on the total quantity of the product sold. On the other hand, unbranded products needed more incentives (higher discounts) to be sold.

Catalogue sales (modeled as dummies) contribute additionally to the effect of price promotions, which confirms many other research results (Blattberg and Neslin 1989; Assuncao and Meyer 1993; Conchar, R., and Zinkhan 2005; Dekimpe and Hannsens 1995; Macé and Neslin 2004). We were not able to test the difference between branded and unbranded products due to data unavailability for unbranded products.

Conclusion

In our research, we evaluate sales for eight branded and unbranded toys products in two different periods (Q4 of years 2007 and 2009), where we tried to find any effects of crisis on sales. Our findings show that brands cope with crisis considerably better than unbranded products in all sub-categories studied. Their market share increased in the 2nd period at the expenses of unbranded products, whose sales recessed. This effect is more pronounced in urban areas, whereas in rural areas it is counter-balanced by a lowered purchasing power, forcing consumers to be more price conscious to the detriment of quality. However the effect of branded sales increase still predominates over the lowered purchasing power effect.

Looking through the perspective of Granfield's (2009) effects of crisis,

we can confirm that consumers have been buying more conservatively (taking less risk) by purchasing branded - higher quality products. Our study does not take into account the price differences between branded and unbranded products, which affect consumers' functions of benefit (Papatla and Krishnamurthi 1996; Assuncao and Meyer 1993).

Although our study shows some directions, further insight is needed in the research, mainly in terms of accountability for heterogeneity of consumers (using household panels), differences in prices and adding other variables to control the effects on sales (such as advertising and other marketing communication tools).

One should also research for heterogeneity of products, as not only are the effects of price promotions of different types of products (FMCG, durables,...) on sales different, but also the effects of the crisis are different.

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Abstracts in Slovene

Zaupanje v transakcijskem marketingu ter marketingu razmerij in njegove posledice v postkriznem svetu

David Starr-Glass

Finančna kriza, ki se je začela v Ameriki sredi leta 2007, se je razvila v globoko in dolgo depresijo, ki jo spremljajo negativne družbene posledice. Ena od njenih žrtev je bilo zaupanje, posebej in nasploh, v trženjskih razmerjih. Ta teoretični članek obravnava dejansko in simbolično vrednost, ki jo pripisujemo družbenim izmenjavam. Proučuje naravo in nastanek zaupanja ter njegovo vzajemnost. Trženje danes razumevamo znotraj pluralnega trga, na katerem sta tako transakcijski kot odnosni pogled dobila jasnejši strateški usmeritvi. Članek obravnava verjeten vpliv zmanjšane zaupanja na pričakovanja prodajalcev in kupcev in njegove posledice na dinamiko transakcijskega marketinga in marketinga razmerij.

Ključne besede: marketing, transakcijski marketing, odnosni marketing, zaupanje porabnikov, družbene izmenjave

Klasifikacija JEL: D81, M31

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Logistična načela pri načrtovanju hitro prilagodljive strategije podjetij v kriznem času

Dušan Malindžak, Jaroslav Mervart in Radim Lenort

Članek obravnava načrtovanje logističnih načel za oblikovanje strategije, ki je prilagodljiva, kar zadeva poslovanje in trženje, ter trdna in trajna, kar zadeva proizvodnjo. Da bi oblikovali tak model strategije, lahko uporabimo naslednja načela: skrajševanje časa za načrtovanje zmogljivosti skupaj s prilagodljivim načrtovanjem; načelo *SYNCHRO-MRP* (*Material Required Planning*); uporaba napovedovanja pri načrtovanju zmogljivosti; v sodelovanju s partnerji oblikovanje nabavne verige, verige povpraševanja, vitke verige povpraševanja, gibčne verige povpraševanja, vitke in gibčne verige povpraševanja; ter uporaba sistemov *DBR* (*Drum Buffer Rope*), *APS* (*Advanced Planning System*) in *scp* (*Supply Chain Planning*). Članek opisuje uporabo teh načel pri oblikovanju modela prilagodljive strategije za podjetje Chemosvit folie, a. s., in rezultate uporabe tega modela v kriznih letih 2009-2011.

Ključne besede: *SYNCHRO-MRP*, načrtovanje zmogljivosti, napovedovanje, nabavna veriga, veriga povpraševanja, vitka veriga povpraševa-

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nja, gibčna veriga povpraševanja, vitka in gibčna veriga povpraševanja,

DBR, APS, SCP

Klasifikacija JEL: C51, LI

Managing Global Transitions 9 (2): 129-149

Prepoznane vrednote in potrošniški vzorci postkriznih odjemalcev

Armand Faganel

Finančni krizi, ki se je sprožila leta 2007 v ZDA, je sledil učinek domin, kar je povzročilo globalno izgubo etičnih vrednot pri zasledovanju monetarnega zdravja/pri skrbi za monetarno zdravje. Državljeni, ki so jih desetletja prepričevali, da je zadolževanje in trošenje denarja sprejemljivo, so se morali nenadoma soočiti z razočaranjem in streznitvijo. Poglobljena začetna študija ponuja očeno stanja vrednot in potrošnje postkriznih odjemalcev v Sloveniji, zanjo pa smo uporabili metodo spletne fokusne skupine ter kvantitativne in kvalitativne analize vsebin medijev in dokumentov. Ugotovitve potrjujejo, da je prišlo do rahlega, a pomembnega premika od potrošniške usmerjenosti k odgovornejšemu odnosu do potrošnje; vrednote odjemalcev pa nakazujejo spremembo smeri od individualističnih k družinskim vrednotam in k skupnosti. Potrošniki se zavedajo svojih pravič ter svoje moči in so pripravljeni dvigniti svoj glas. Čas bo pokazal, ali je ta premik trajnejši ali zgolj omejenega trajanja.

Ključne besede: potrošnik, postkrizne vrednote, potrošnja, stališča, trg

Klasifikacija JEL: M30, DIO

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Premiki v postkriznem poslovnem modelu športnega marketinga

MichaelM. Goldman

Vplivu gospodarske rečesije na poslovne strategije in marketing v zadnjem času posvečamo vedno več pozornosti. Vendar pa je bilo na tem področju malo narejenega, še posebej kar zadeva športni marketing in novonastajajoče trge. Glavni namen te študije je bil proučiti vpliv svetovne rečesije na poslovne modele v športnem marketingu. Kvalitativni podatki so bili zbrani s polstrukturiranimi intervjuji z vodilnimi delavci na področju športnega marketinga v Južnoafriški republiki. Da bi razumeli temeljne vzorce znotraj podatkov, je bila opravljena analiza na podlagi utemeljene teorije. Rezultati raziskave kažejo na štiri pomembne premike v poslovnem modelu, ki vplivajo na punudbo odjemalču, na odnose med agencijami, modele prihodkov in način zaposlovanja v podjetih na področju športnega marketinga. Obravnavane so bile teoretične in praktične poslediče, vključno s priporočilom za spre-

membo poslovnega modela, na podlagi katerega podjetja s področja športnega marketinga tekmujejo med seboj v postkriznem svetu.

Ključne besede: marketing, recesija, šport, poslovni model

Klasifikacija JEL: L22, M31

Managing Global Transitions 9 (2): 171-184

**Vpliv krize na upešnost pospeševanja prodaje igrac
(blagovnih znamk in generičnih igrac)**

Danijel Bratina

V članku predstavljamo izsledke raziskave, s katero smo proučevali uspešnost akcij zniževanja cen za igrače in je potekala presečno, v časovnih obdobjih četrtega kvartala v letih 2007 in 2009 (pred krizo in po njej) v slovenski trgovini. Glavni namen raziskave je bil ugotoviti vpliv dejavnikov ekonomske krize (kot npr. znižanje kupne moči, povečanje nezaposlenosti, spremembe v vedenju porabnikov) na prodajo igrac v obdobju božično-novoletnih nakupov. Analizirali smo razlike v prodaji znanih blagovnih znamk in generičnih igrac. Prodajo osmih znanih blagovnih znamk igrac smo primerjali s prodajo osmih konkurenčnih generičnih igrac v različnih podkategorijah. Izsledki pokažejo, da je vpliv krize na najpomembnejše blagovne znamke zelo majhen, in to kljub zmanjšanju prodanih količin v letu 2009.

Ključne besede: blagovne znamke, pospeševanje prodaje, učinki pospeševanja prodaje, model SCAN*PRO

Klasifikacija JEL: M13

Managing Global Transitions 9 (2): 185-198

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Comparative Corporate Governance

An Overview on US
and Some EU Countries'
Corporate Legislation
and Theory

Rado Bohinc

Management

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An Overview on US
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Corporate Legislation
and Theory**

Rado Bohinc

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