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## Contribution of marketing to turnaround success of small and medium-sized enterprises during strategic, earnings and liquidity crisis from the perspective of experts from financial institutions

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### Abstract

*Regardless of the type of company, there is a significant probability to be confronted with a more or less severe form of a corporate crisis at some point during the existence. In order to return 'distressed' companies into an economically stable condition, adequate turnaround measures need to be implemented. Due to the specific issues and requirements that arise in turnaround situations and their considerably differing nature when compared to improving the business performance of a company in a 'non-decline' situation, managers often find themselves in unaccustomed circumstances if they are confronted with the need to perform a turnaround. For instance, depending on the severity of crisis, time and financial resources as well as the scope of action tend to be more limited than under 'healthy' business conditions. In order to successfully turn a struggling company around, it is not sufficient for responsible managers to focus solely on costs, but to adapt an attitude towards a more holistic approach including measures concerned with the sales side of the company. In this context the question arises how marketing can contribute to turnaround success. This research analyses the potential contribution of marketing (operationalised via six marketing areas) to turnaround success during strategic, earnings and liquidity crisis of small and medium-sized enterprises. The results reveal that despite the subordinate role of marketing in turnaround research, according to experts from financial institutions, marketing has substantial potential to contribute to turnaround success. The results also show that the more severe a corporate crisis, the more limited the potential contribution of marketing to turnaround success is. In addition, the ranking of the six marketing areas under study according to their potential contribution differs between the three types of crisis.*

Keywords: corporate crisis, marketing, small and medium-sized enterprises, turnaround management, turnaround marketing, turnaround strategy

### 1. Initial situation

Most companies face performance declines at some point during their lifetime. (Arogyaswamy & Barker, 1995; Bergauer, 2003) Declining profitability in its most severe form usually ends in substantial losses that endanger the financial viability of a business; declining performance in its

mildest form may not necessarily threaten the financial viability, but has amongst others serious negative impacts on market competitiveness and customer confidence. (Bibeault, 1982) Performance declines can lead to a corporate crisis, which is reflected by a shortfall in different accepted target levels. (Bibeault, 1998; Danninger, 2008; Estelami, 2010) A continuous shortfall in target levels can lead to a downward spiral that may ultimately lead to the liquidation of the company (Pretorius, 2009) and related societal consequences such as unemployment. (Faulhaber & Landwehr, 2001; Harker & Harker, 1998) Attempts to cope with such a crisis are referred to as turnaround management, which includes the development and implementation of a sound turnaround strategy to save the business. (Kazozcu, 2011; Müller-Ganz, 2004; O'Shaughnessy, 1986; Pearce & Robbins, 1993; Pretorius, 2009)

Despite over 30 years of turnaround research, theoretical understanding of the phenomenon turnaround is yet incomplete. (Pandit, 2000; Trahms et al., 2013) The frequent incidence of corporate turnaround and the fact that the majority of turnaround attempts of pre-insolvency companies fail and end in liquidation implies that there is still need for further investigation. (Francis & Desai, 2005; Pearce & Robbins, 1993; Slatter, 1984)

So far, literature indicates that a focus on core activities and retrenchment has a positive impact on company performance in turnaround situations; however, it suggests that retrenchment by itself is not enough. (Barker III & Mone, 1994; Barker & Duhaime, 1997; Goldston, 1992; Harker, 1998; Hofer, 1980; Robbins & Pearce, 1992; Schoenberg et al., 2013; Slatter, 1984; Wild, 2010)

Although there is strong support for the potential contribution of marketing-related activities to overall company performance and sustained business success (Avlonitis & Gounaris, 1997; Day, 1994; Fritz, 1996; Fritz, 1997; Greenley, 1995; Hult & Ketchen, 2001; Langerak, 2003; Marks, 1992; McCole, 2004; Möller & Anttila, 1987), there is still limited attention concerning marketing (Dolan, 1992; Köppel, 1994) in terms of corporate crisis and turnaround management in research.

However, in practice, related regulations such as the IDW (Institute of German Auditors) ES 6 standard, dealing with recommendations concerning the development of restructuring concepts, increasingly require - besides classical finance-related factors - the addition of a holistic market(ing)- and sales-related perspective on sustained competitiveness and profitability. (Buth & Hermanns, 2010; IDW, 2011)

Furthermore, marketing scholars such as Hooley et al. (1990) have long argued to not only view marketing as a separated function, but rather as integral part of businesses, heralding a market-oriented paradigm. Others, such as Loidl et al. (2010) and Lehr (2006), show continuous support for this by emphasising on the importance of customer retention, especially in times of corporate crisis. In this context, the arising question is what role marketing can play in turnaround situations.

## **2. Research question and objective**

The objective of this research is to examine the potential of marketing to contribute to turnaround success of small and medium-sized enterprises (SME) in crisis situations. By generating empirical evidence on the basis of expert inquiry, it aims to capture and compare the potential of

six marketing areas under study in the context of strategic, earnings and liquidity crisis. More precisely, the research question addressed is the following:

What is the potential contribution of marketing to turnaround success of SME during strategic, earnings and liquidity crisis?

The research object are SME in Austria and Germany, whereas the research subject is the potential of marketing to contribute to turnaround success during strategic, earnings and liquidity crisis.

Thus, this study is an attempt to contribute to the advancement of research on turnaround marketing as a part of turnaround management. More precisely, it strives to add to the theoretical understanding of the significance of marketing-specific measures in turnaround situations of SME in crisis situations and aims to provide empirically founded insight on the potential of aforementioned measures as complement of a comprehensive turnaround concept. Finally, this research aims to stimulate debate and encourage further investigation of turnaround marketing as part of a holistic turnaround concept.

The proposition is that in general, the more severe a corporate crisis, the lower the potential contribution of marketing to turnaround success is. Some marketing areas have a higher potential to contribute to turnaround success than others during strategic, earnings and liquidity crisis.

### **3. Corporate crisis**

In the course of this research, the main characteristics of corporate crisis provided by Karasch (2006) referring to Müller (1982), Krystek (1987), Grenz (1987) as well as Böckenförde (1996) are used to define the term.

A corporate crisis is:

- a lasting rather than temporary threat of existence, which appears unplanned and not deliberately and seriously jeopardizes the dominant objectives of a business
- characterized by the ambiguity of the outcome (successful turnaround vs. elimination of the business)
- limited in time, even though the duration of the crisis can strongly vary

This threat to existence can take numerous forms and the severity of crisis depends on the type of objective threatened and the extent of threat. (Karasch, 2006) For the purpose of this research, in order to provide for individual conditions related to the severity of crisis, the widely cited model of corporate crisis provided by Müller (1986) as outlined in Figure 1 is applied. It differentiates among strategic, earnings and liquidity crisis and refers to related challenges for (turnaround) management while taking the time and extent of threat to a business's goals into account.



**Figure 1: Types of corporate crisis<sup>1</sup>**

A strategic crisis is characterized by missing or inadequate orientation of a business, which can for instance result from poor observance of current market development. Another quality of strategic crisis is that the long-term business success is seriously threatened and no new potential success factors are identified. (Lützenrath et al., 2003) Another feature is the fact that the establishment or availability of a company's potential for success is substantially endangered. The strategic crisis is the least severe one because the resources are usually not yet scarce and there is still a wide scope of action; however, it is hard to identify. (Krystek & Moldenhauer, 2007; Exler & Situm, 2013)

An earnings crisis is characterised by the serious endangerment of specific performance targets such as profit, profitability and sales targets. (Krystek & Moldenhauer, 2007) The visibility of an earnings crisis is less limited and there is already increased need for action to return the company into a 'healthy' state. The related problem is that the resources might already be more limited and accordingly is the scope of action. (Krystek & Moldenhauer, 2007; Exler & Situm, 2013)

The most severe type of crisis is referred to as liquidity crisis, where the need for action is very acute, resources are scarce and thus options to act are restricted. (Krystek & Moldenhauer, 2007; Exler & Situm, 2013) Businesses in a liquidity crisis situation have significant financial difficulties. (Lützenrath et al., 2003) During liquidity crisis, there is a serious risk of illiquidity and/or debt overload. The final phase, insolvency, is characterized by non-achievement of specific creditor payment targets. (Krystek & Moldenhauer, 2007) The consequence of existence-threatening target shortfalls are besides increasing time constraints and growing need for action a narrowed scope of action and limited resources. (Müller, 1986)

#### **4. Research method**

To gather data reflecting an external perspective on the issue under study as basis for answering the research question, a questionnaire inquiry of experts from financial institutions operating in the corporate customer segment (financing business) in Austria and Germany was conducted.

<sup>1</sup> own construction (according to Müller, 1986)

More precisely, experts in leading positions such as head of corporate customer division or head of credit risk management and head of restructuring were questioned. Those experts were chosen because they are dealing with healthy and struggling companies in their daily business and have experience with numerous turnaround attempts - both successful and failing ones.

For the purpose of this research, only fully completed questionnaires are analysed and considered. Thus, there are no missing values in the data analysis and the number of responses is equal in all questions. On the whole, 81 experts from financial institutions operating in the corporate customer segment (financing business) in Austria and Germany participated in this research. 29 experts stated they work for financial institutions in Austria and 52 for financial institutions in Germany. Data was analysed using the statistical software IBM SPSS Statistics 23.

In the course of this research, marketing is operationalised by six marketing areas as displayed in Table 1.

**Table 1: Operationalisation of marketing via six marketing areas<sup>2</sup>**

Variable		Description
POS	positioning & strategy	including inter alia brand positioning, image, perceived competitive position
PRD	product	including inter alia benefits, name, functionality, design, quality, packaging, services and warranties
PRI	price	including inter alia list prices, discounts, incentives, payment and credit terms, price discrimination
PLA	place	including inter alia channels, intermediaries, locations, inventory, transport
PRM	promotion	including inter alia advertising, public relations, product placement, sponsorship, events, personal selling, social media communication
ASS	after-sales service	including inter alia complaint management, customer service, warranty, customer retention management

In order to answer the research question, the research model displayed in Figure 2 was developed. It shows how marketing is operationalized via the 6 marketing areas and the potential contribution of marketing during three different types of corporate crisis is evaluated and compared between the three contexts.

<sup>2</sup> Figure developed by author on basis of literature review and analytical content analysis

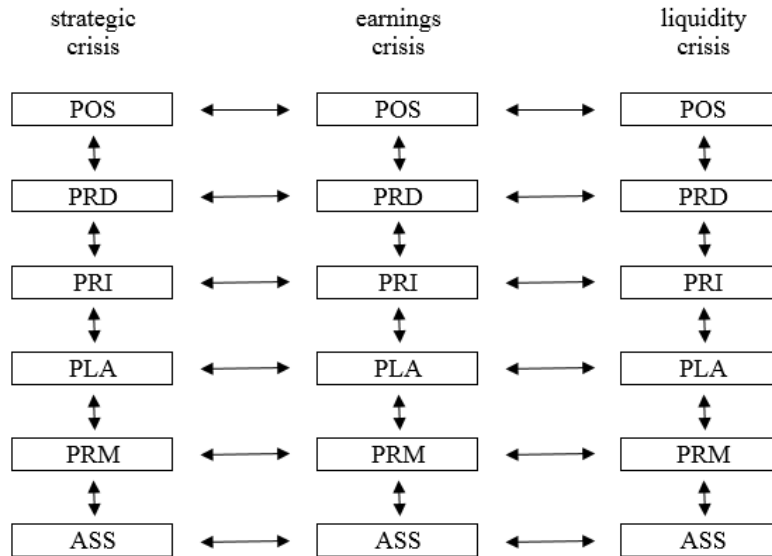


Figure 2: Research model<sup>3</sup>

## 5. Results

The following section presents the results of this research. As Table 2 displays, 95.1% of experts from financial institutions agree that ‘positioning & strategy’ ‘can absolutely contribute to turnaround success’ and 4.9% indicate that this area ‘could potentially contribute to turnaround success’ during strategic crisis.

In the context of earnings crisis, 67.9% agree that ‘positioning & strategy’ ‘can absolutely contribute to turnaround success’ and 30.9% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis.

According to the results, 22.2% of experts say that ‘positioning & strategy’ ‘can absolutely contribute to turnaround success’ and 27,2% specify that this area ‘could potentially contribute to turnaround success’ while 50.6% state that ‘positioning & strategy’ ‘can definitely not contribute to turnaround success’ during liquidity crisis.

In sum, when no differentiation according to severity of crisis is made, 82.7% of experts from financial institutions think that ‘positioning & strategy’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’, while 17.3% think that measures in this area ‘can definitely not contribute to turnaround success’.

<sup>3</sup> Figure developed by author on basis of literature review

**Table 2: Crosstab POS<sup>4</sup>**

Crosstab (POS)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
positioning & strategy (POS)*)	0	Count	0	1	41	42
		% within POS	0.0%	2.4%	97.6%	100.0%
		% within TYPE OF CRISIS	0.0%	1.2%	50.6%	17.3%
		% of Total	0.0%	.4%	16.9%	17.3%
	1	Count	4	25	22	51
		% within POS	7.8%	49.0%	43.1%	100.0%
		% within TYPE OF CRISIS	4.9%	30.9%	27.2%	21.0%
		% of Total	1.6%	10.3%	9.1%	21.0%
	2	Count	77	55	18	150
		% within POS	51.3%	36.7%	12.0%	100.0%
		% within TYPE OF CRISIS	95.1%	67.9%	22.2%	61.7%
		% of Total	31.7%	22.6%	7.4%	61.7%
Total	Count	81	81	81	243	
	% within POS	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘positioning & strategy’ to turnaround success,  $\chi^2(2, N = 243) = 128.879, p = .000$ .

As the Crosstab in Table 3 shows, 98.8% of experts from financial institutions agree that ‘product’ ‘can absolutely contribute to turnaround success’ whereas 1.2% indicate that this area ‘could potentially contribute to turnaround success’ during strategic crisis.

During earnings crisis, 74.1% agree that ‘product’ ‘can absolutely contribute to turnaround success’ and 22.2% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis.

Furthermore, 11.1% of experts from financial institutions say that, during liquidity crisis, ‘product’ ‘can absolutely contribute to turnaround success’ while 38.3% specify that this area ‘could potentially contribute to turnaround success’. 50.6% of experts state that ‘product’ ‘can definitely not contribute to turnaround success’.

When no differentiation according to severity of crisis is made, 82.7% of experts think that ‘product’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’, while 17.3% state that measures in this area ‘can definitely not contribute to turnaround success’.

<sup>4</sup> Table based on survey results

**Table 3: Crosstab PRD<sup>5</sup>**

Crosstab (PRD)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
product (PRD)*)	0	Count	0	3	41	42
		% within PRD	0.0%	6.8%	93.2%	100.0%
		% within TYPE OF CRISIS	0.0%	3.7%	50.6%	17.3%
		% of Total	0.0%	1.2%	16.9%	17.3%
	1	Count	1	18	31	51
		% within PRD	2.0%	36.0%	62.0%	10.0%
		% within TYPE OF CRISIS	1.2%	22.2%	38.3%	21.0%
		% of Total	.4%	7.4%	12.8%	21.0%
	2	Count	80	60	9	150
		% within PRD	53.7%	40.3%	6.0%	100.0%
		% within TYPE OF CRISIS	98.8%	74.1%	11.1%	61.7%
		% of Total	32.9%	24.7%	3.7%	61.7%
Total	Count	81	81	81	243	
	% within PRD	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘product’ to turnaround success,  $\chi^2(2, N = 243) = 152.360, p = .000$ .

The potential contribution of ‘price’ during strategic, earnings and liquidity crisis is summarized in Table 4. The results show that 90.1% of experts agree that ‘price’ ‘can absolutely contribute to turnaround success’, while 7.4% indicate that this area ‘could potentially contribute to turnaround success’ during strategic crisis. 2.5% are convinced that this area ‘can definitely not contribute to turnaround success’.

While 74.1% agree that ‘price’ ‘can absolutely contribute to turnaround success’ during earnings crisis, 23.5% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis. 2.5% say that this area ‘can definitely not contribute to turnaround success’.

Furthermore, 16.0% of experts from financial institutions tell that during liquidity crisis ‘price’ ‘can absolutely contribute to turnaround success’ while 11.1% specify that this area ‘could potentially contribute to turnaround success’. In sum, 72.8% of experts state that ‘price’ ‘can definitely not contribute to turnaround success’.

<sup>5</sup> Table based on survey results



**Table 4: Crosstab PRI<sup>6</sup>**

Crosstab (PRI)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
price (PRI*)	0	Count	2	2	59	63
		% within PRI	3.2%	3.2%	93.7%	100.0%
		% within TYPE OF CRISIS	2.5%	2.5%	72.8%	25.9%
		% of Total	.8%	.8%	24.3%	25.9%
	1	Count	6	19	9	34
		% within PRI	17.6%	55.9%	26.5%	100.0%
		% within TYPE OF CRISIS	7.4%	23.5%	11.1%	14.0%
		% of Total	2.5%	7.8%	3.7%	14.0%
	2	Count	73	60	13	146
		% within PRI	50.0%	41.1%	8.9%	100.0%
		% within TYPE OF CRISIS	90.1%	74.1%	16.0%	60.1%
		% of Total	30.0%	24.7%	5.3%	60.1%
Total	Count	81	81	81	243	
	% within PRI	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

Without any differentiation according to severity of crisis, 74.1% of experts from financial institutions agree that ‘price’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’, while 25.9% think that measures in this area ‘can definitely not contribute to turnaround success’.

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘price’ to turnaround success,  $X^2(2, N = 243) = 152.265, p = .000$ .

Table 5 summarizes the results for the marketing area ‘place’. It indicates that 98.7% of experts from financial institutions agree that ‘positioning & strategy’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’ while 1.2% indicate that this area ‘can definitely not contribute to turnaround success’ during strategic crisis. In the context of earnings crisis, 87.7% agree that ‘place’ ‘can absolutely contribute to turnaround success’ and 12.3% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis.

According to the results, 28.4% of experts say that during liquidity crisis ‘place’ ‘can absolutely contribute to turnaround success’. 40.7% specify that this area ‘could potentially contribute to turnaround success’ while 30.9% state that ‘place’ ‘can definitely not contribute to turnaround success’.

In sum, when no differentiation according to severity of crisis is made, 89.3% of experts from financial institutions think that ‘place’ ‘can absolutely’ or ‘could potentially contribute to

<sup>6</sup> Table based on survey results

turnaround success’, while 10.7% assume that measures in this area ‘can definitely not contribute to turnaround success’.

**Table 5: Crosstab PLA<sup>7</sup>**

Crosstab (PLA)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
place (PLA)*)	0	Count	1	0	25	26
		% within PLA	3.8%	0.0%	96.2%	100.0%
		% within TYPE OF CRISIS	1.2%	0.0%	30.9%	10.7%
		% of Total	.4%	0.0%	10.3%	10.7%
	1	Count	7	10	33	50
		% within PLA	14.0%	20.0%	66.0%	100.0%
		% within TYPE OF CRISIS	8.6%	12.3%	40.7%	20.6%
		% of Total	2.9%	4.1%	13.6%	20.6%
	2	Count	73	71	23	167
		% within PLA	43.7%	42.5%	13.8%	100.0%
		% within TYPE OF CRISIS	90.1%	87.7%	28.4%	68.7%
		% of Total	30.0%	29.2%	9.5%	68.7%
Total	Count	81	81	81	243	
	% within PLA	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘place’ to turnaround success,  $X^2(2, N = 243) = 99.301, p = .000$ .

The potential contribution of ‘promotion’ during strategic, earnings and liquidity crisis is summarized in Table 6. 96.3% of experts agree that ‘promotion’ ‘can absolutely contribute to turnaround success’; 3.7% indicate that this area ‘could potentially contribute to turnaround success’ during strategic crisis.

While 91.4% agree that ‘promotion’ ‘can absolutely contribute to turnaround success’ during earnings crisis, 7.4% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis. 1.2% say that this area ‘can definitely not contribute to turnaround success’.

Further, 38.3% of experts from financial institutions are convinced that during liquidity crisis ‘promotion’ ‘can absolutely contribute to turnaround success’ and the same portion of experts specifies that this area ‘could potentially contribute to turnaround success’. 23.5% of experts state that ‘promotion’ ‘can definitely not contribute to turnaround success’ during liquidity crisis.

<sup>7</sup> Table based on survey results

Without any differentiation according to severity of crisis, 91.8% of experts from financial institutions agree that ‘promotion’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’, while 8.2% think that measures in this area ‘can definitely not contribute to turnaround success’.

**Table 6: Crosstab PRM<sup>8</sup>**

Crosstab (PRM)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
promotion (PRM*)	0	Count	0	1	19	20
		% within PRM	0.0%	5.0%	95.0%	100.0%
		% within TYPE OF CRISIS	0.0%	1.2%	23.5%	8.2%
		% of Total	0.0%	.4%	7.8%	8.2%
	1	Count	3	6	31	40
		% within PRM	7.5%	15.0%	77.5%	100.0%
		% within TYPE OF CRISIS	3.7%	7.4%	38.3%	16.5%
		% of Total	1.2%	2.5%	12.8%	16.5%
	2	Count	78	74	31	183
		% within PRM	42.6%	40.4%	16.9%	100.0%
		% within TYPE OF CRISIS	96.3%	91.4%	38.3%	75.3%
		% of Total	32.1%	30.5%	12.8%	75.3%
Total	Count	81	81	81	243	
	% within PRM	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘promotion’ to turnaround success,  $X^2(2, N = 243) = 92.012, p = .000$ .

As the Crosstab in Table 7 shows, 97,5% of experts from financial institutions agree that measures in the area ‘after-sales service’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’ during strategic crisis, whereas 2.5% indicate that this area ‘can definitely not contribute to turnaround success’.

During earnings crisis, 77.8% agree that ‘after-sales service’ ‘can absolutely contribute to turnaround success’ and 22.2% state that this area ‘could potentially contribute to turnaround success’ during earnings crisis, as displayed in Table 12.

Furthermore, according to 18.5% of experts ‘after-sales service’ ‘can absolutely contribute to turnaround success’ during liquidity crisis, while 49.4% specify that this area ‘could potentially contribute to turnaround success’. 32.1% of experts state that ‘after-sales service’ ‘can definitely not contribute to turnaround success’.

<sup>8</sup> Table based on survey results

When no differentiation according to type of crisis is made, 88.4% of experts say that ‘after-sales service’ ‘can absolutely’ or ‘could potentially contribute to turnaround success’, while 11.5% think that measures in this area ‘can definitely not contribute to turnaround success’.

**Table 7: Crosstab ASS<sup>9</sup>**

Crosstab (ASS)			TYPE OF CRISIS**)			Total
			STR	EAR	LIQ	
after-sales services (ASS)*)	0	Count	2	0	26	28
		% within ASS	7.1%	0.0%	92.9%	100.0%
		% within TYPE OF CRISIS	2.5%	0.0%	32.1%	11.5%
		% of Total	.8%	0.0%	10.7%	11.5%
	1	Count	7	18	40	65
		% within ASS	10.8%	27.7%	61.5%	100.0%
		% within TYPE OF CRISIS	8.6%	22.2%	49.4%	26.7%
		% of Total	2.9%	7.4%	16.5%	26.7%
	2	Count	72	63	15	150
		% within ASS	48.0%	42.0%	10.0%	100.0%
		% within TYPE OF CRISIS	88.9%	77.8%	18.5%	61.7%
		% of Total	29.6%	25.9%	6.2%	61.7%
Total	Count	81	81	81	243	
	% within ASS	33.3%	33.3%	33.3%	100.0%	
	% within of TYPE OF CRISIS	100.0%	100.0%	100.0%	100.0%	
	% of Total	33.3%	33.3%	33.3%	100.0%	

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

A chi-square test was performed and a significant relationship was found between the type of crisis and the potential contribution of ‘after-sales service’ to turnaround success,  $X^2(2, N = 243) = 108.479, p = .000$ .

Table 8 displays a summary of the potential contribution of the marketing areas under study during strategic, earnings and liquidity crisis from the perspective of experts from financial institutions.

The results show that experts from financial institutions assign the highest potential as long-term measures to contribute to turnaround success during strategic crisis to ‘product’ (98.8% of experts agree on the statement ‘can absolutely contribute to turnaround success’), ‘promotion’ (96.3%) and ‘positioning & strategy’ (95.1%), followed by ‘place’ (90.1%), price (88.9%) and ‘after-sales service’ (90.1%).

In the context of earnings crisis, where middle-term countermeasures are required, this order changes and ‘promotion’ (91.5%), ‘place’ (87.7%), ‘price’ and ‘after-sales service’ (74.1%) are assigned a higher potential to contribute to turnaround success during earnings crisis compared to strategic crisis (with regard to their ranking).

<sup>9</sup> Table based on survey results

In contrast, ‘product’ (74.1%) and ‘positioning & strategy’ (67.9%) fall in the ranking (from 1 to 5 and 3 to 6). A comparison between earnings and liquidity crisis clarifies that while ‘promotion’ (38.3%), ‘place’ (28.4%) are of equal rank, ‘product’ (9.9%) falls. Only ‘positioning & strategy’ (21.6%) rises from rank 6 to 3.

**Table 8: Contribution of marketing during strategic, earnings and liquidity crisis<sup>10</sup>**

Marketing area	Statement *)	TYPE OF CRISIS**)		
		STR	EAR	LIQ
positioning & strategy	0	0.0%	1.2%	50.6%
	1	4.9%	30.9%	27.2%
	2	95.1%	67.9%	22.2%
product	0	0.0%	3.7%	50.6%
	1	1.2%	22.2%	38.3%
	2	98.8%	74.1%	11.1%
price	0	2.5%	2.5%	72.8%
	1	7.4%	23.5%	11.1%
	2	90.1%	74.1%	16.0%
place	0	1.2%	0.0%	30.9%
	1	8.6%	12.3%	40.7%
	2	90.1%	87.7%	28.4%
promotion	0	0.0%	1.2%	23.5%
	1	3.7%	7.4%	38.3%
	2	96.3%	91.4%	38.3%
after-sales services	0	2.5%	0.0%	32.1%
	1	8.6%	22.2%	49.4%
	2	88.9%	77.8%	18.5%

\*) 0: ‘can definitely not contribute to turnaround success’ | 1: ‘could potentially contribute to turnaround success’ | 2: ‘can absolutely contribute to turnaround success’

\*\*\*) STR: strategic crisis | EAR: earnings crisis | LIQ: liquidity crisis

## 6. Summary and Conclusion

The results of this research show that despite the subordinate role of marketing in turnaround research and the limited appearance of marketing in this context in literature, according to experts from financial institutions, marketing has considerable potential to contribute to turnaround success.

The results of this research on the potential contribution of marketing to turnaround success of SME during strategic, earnings and liquidity crisis show that, as anticipated, the more severe a corporate crisis is, the lower the potential contribution of marketing to turnaround success is.

As further anticipated, the ranking of the six marketing areas under study differ between the three types of crisis. More precisely, the results show that experts assign the highest potential to contribute to turnaround success during strategic crisis to ‘product’, ‘promotion’ and ‘positioning & strategy’, followed by ‘place’, ‘price’ and ‘after-sales service’. In the context of earnings crisis, this order changes. ‘Promotion’, ‘place’, ‘price’ and ‘after-sales service’ are assigned a higher potential to contribute to turnaround success during earnings crisis compared to strategic crisis (with regard to their ranking). In contrast, ‘product’ and ‘positioning & strategy’ fall in the ranking. A comparison between earnings and liquidity crisis clarifies that while ‘promotion’,

<sup>10</sup> Table based on survey results

'place' and after-sales service' are of equal rank, 'price' and 'product' fall. Only 'positioning & strategy' rises from rank 6 to 3 and seems to be especially useful in situations where more short-term measures are required to counteract a crisis.

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