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POSITIVE EFFECTS OF EXPORT AND MARKETING STRATEGIES ON FIRMS DURING ECONOMIC CRISES¹

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Abstract

The crisis phenomenon is the most important external environmental factor that endangers the existence of businesses. Therefore, when faced with a crisis, particularly economic and financial, the businesses should be able to surpass the crisis with the right actions they would take. In this sense, the businesses are expected to develop and apply effective strategies to avoid from the influence of economic crises, and they can even turn economic crises into a chance to increase their profit. There are two common strategies developed and applied by businesses: 'carrying out influential crisis management', 'implementing effective action plans for crises'. Besides, numerous other preventive applications may be addressed also. 'Determining the right marketing strategy and export orientation' can be added to these applications. It is an acceptable strategy to benefit from an opportunity in the foreign market despite economic shrinkage in the domestic market. In the first stage of this work the relationship between levels of income, size and exporting of a business and the business's response to crisis was investigated. In the second stage the marketing strategies that are intensely applied by businesses in the era of crisis were determined. Finally, in the third stage differences between exporting and non-exporting businesses in the scope of marketing strategies applied in the era of crisis were studied. The views of the business administrators were analyzed using various statistical methods by including the views of business administrators of small, medium and large-scaled furniture businesses located in İstanbul by survey method in the direction of the goals of the study. Based on the results achieved, big exporting businesses with high level of income are being less affected by the crises. On the other hand, differences between exporting and non-exporting businesses in the scope of marketing strategies applied in the era of crisis were observed.

Keywords: Crisis Management, marketing strategies, export, growth strategies

1. Introduction

A crisis, by definition, includes numerous types such as economic, political, financial and natural disasters with its characteristics like being hard to predict and having external threats. In this sense, the businesses cannot control the risk of the crisis beforehand, in other words cannot

¹ The idea of this study is derived from master thesis of Mahmut Baydaş, and it was written as an original article together with the contributions of other authors.

prevent the crisis to occur. Severe crisis shocks may even cause the businesses to go bankrupt. On the other hand, even though a crisis is a type of risk that cannot be controlled, it could be turned into opportunity with already prepared action plans and strategies to be applied. The revenues that cannot be gained in stable economic periods might be achieved in the era of crisis by right decision, action and strategy. Businesses make much more efforts in the era of crisis than they do in stable economic period, because in the era of crisis, there is merely a struggle for a business to survive. Businesses act more strategically in order to handle the crisis and to be minimally damaged in the same time or to turn the crisis into opportunity. Strategic attitude becomes prominent mainly on the decisions that are taken. The marketing department of the business mostly develops an attitude of cutting down the expenses more or less like other departments. This attitude is a defense mechanism that businesses develop against the threat of crisis. Businesses apply numerous strategies in order to maximize their revenue and firm value. Also marketing department applies some strategies with respect to its own duties. Growth, market share, competitiveness, costs lowering, customer gaining strategies can be agreed on as being the strategies that can be applied both in stable and crisis periods (Kaşlı et.al, 2009: 91; Öztürk & Türkmen, 2006: 77). To determine the right marketing strategy is highly important especially for the era of crisis. When making this decision, numerous factors should be taken into account such as the condition of the business before and after the crisis, level of income, structure of size and exporting. In this study, firstly the impact of income, size and exporting of the business to their response to crisis were investigated, then the differences between exporting and non-exporting businesses in the scope of the marketing strategies in the era of crisis were studied. The below mentioned hypotheses are developed in the direction of the study:

H1: There is a relationship between the level of income of businesses and their response to crisis.

H2: There is a relationship between the size of the business and their response to crisis

H3: There is a relationship between the exporting of business and their response to crisis.

H4: There are differences between the exporting and non-exporting businesses in the scope of the marketing strategies applied in the era of crisis.

CRISIS AND CRISIS MANAGEMENT

According to the dictionary of Turkish Language Institute (TLI), the word of “crisis” etymologically originates from the French word of “crise”. The basic definitions made for the crises are as follows: A physiological failure which suddenly occurs in an organ, a disorder; a psychological depression of a person in his/her life; scarcity of something in an extreme way; a sudden and extreme desire for something; economic collapse; a rough time interval that is observed in the life of a society or an institute, depression, shock.²

A crisis can be defined as a period in which the risks, threats and uncertainties increase, routine activities cannot be sustained and faster improvements are needed for businesses (Erdoğan, 2003: 6).

² The definition is derived from “Institution of Turkish Language Society” (Accessed on 30 April 2016: http://www.tdk.gov.tr/index.php?option=com_gts&arama=gts&guid=TDK.GTS.57264b65642584.53854829)

There are various factors that cause the crisis. The factors that are effective on crisis formation can be divided into two categories as external and internal factors. There are numerous general factors that are effective in the external environment of businesses. It is quite hard to determine the boundaries of these factors. External environmental factors may cause more crises compared to internal environmental factors (Aydın & Örnek, 2011: 42).

A crisis is a case which any business may face with. Therefore, administrators should always be prepared to a crisis. Skill of management is crucial in risk and crisis moments. The skills of management are not apparent during a period in which everything is stable and going straight. Crisis management constitutes one of the important dimensions of management. It is not correct to expect the businesses which do not have skill of crisis management to survive (Demirtaş, 2000: 355). Crisis management is a process in which crisis signals are collected and evaluated, essential precautions are taken and applied by the organization in order to surpass the crisis with minimum damage against a possible crisis situation. The main purpose of the crisis management is to make the organization prepared for the crisis situations. The process of crisis management can be examined in five stages (Can, 2002: 337-340):

1. Collecting signals of the crisis
2. Preparation for the crisis and protection
3. Taking the crisis under control
4. Getting into the stable phase
5. Learning and evaluating.

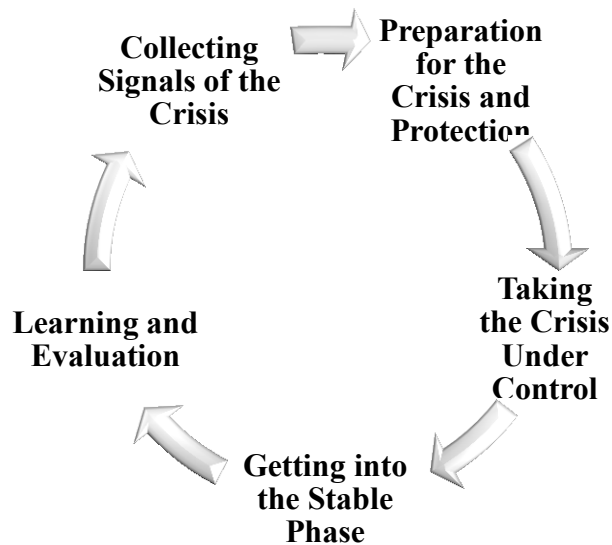


Figure 1. Crisis Management Process, **Source:** (Can, 2002: 339)

Augustine (2000: 17-39) defines the crisis management process in six stages as avoiding the crisis, preparing to manage the crisis, confirming the crisis, freezing the crisis, solving the crisis and obtaining a benefit from the crisis.

MARKETING, MARKETING STRATEGIES AND CRISIS

The role of marketing is to define the changing will and needs of the consumer in the target market, to design the marketing strategies in order to offer the best to the consumer and hence to reach the goals of marketing (Yükselen, 1990: 31).

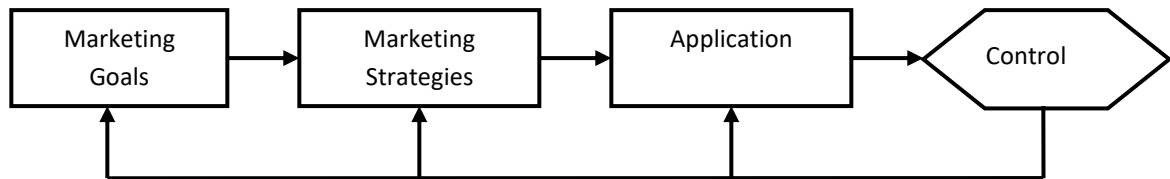


Figure 2. Marketing Management Process

Source: (Torlak et. al, 2006: 298),(Kotler, J. Saunders;Armstrong, G.;Wong, V., 1996)

Marketing strategy can be defined as adopting a marketing logic or policy in order to reach the marketing goals. Marketing strategy consists of the coordination of subjects such as target market, marketing combination and marketing costs (Cemalcılar, 1994: 315).

The most important point when defining the marketing strategy is making an effort to take the minimum possible risk, while trying to gain the expected results and to obtain the maximum benefit. There are three activities need to be performed when developing a marketing strategy. These activities are determining the market position (positioning), selecting the growth strategy and selecting the proper marketing strategy. Besides, it is advantageous to put the strong qualifications of the business forward as much as possible and to pay attention on forcing the weak qualifications to be at low levels (Torlak et. al., 2006: 305).

In the periods of uncertainty and recession like a crisis, marketing administrators should review their marketing strategy and actions, in other words modify them if necessary in order to hold the existing customers and also to gain profit. But, the reaction of the marketing managers to crisis may differ depending on their perception of effects and meaning of the crisis to their business, because crises may affect the businesses in different ways (Shama, 1993: 62-63).

The marketing strategies that can be applied by common and furniture businesses can be investigated in five sections. These strategies can be classified as growth, market share, competitiveness, lowering the costs and gaining customer strategies (Kaşlı et.al, 2009: 91; Öztürk & Türkmen, 2006: 77; Usal & Oral, 2001; Tek, 1997).

On the other hand, export which is one of the investigated factors of separating function in our work has an important role, because it is used to avoid the fluctuations such as crisis in the domestic market and local competition for businesses in micro scales (Torlak et. al., 2007:104). In this sense, the marketing strategies of export oriented large scaled businesses with high income and non-exporting small scaled businesses with low income might be different and the way they are affected by crisis might also be different as well. The main topic studied in this work is to determine the level of this difference and to discuss the subject.

2. THE METHODOLOGY OF THE STUDY

2.1.The Process of Sampling

The furniture businesses operating in İstanbul, consist main focus of the study. Sample size is determined as 384 with 95% confidence interval and 5% margin of error. Simple random sampling is used as the sampling method.

2.2.Data Collection Method and Tool

In the study, data is collected by using survey method in which close ended question exist. Survey includes two sets of questions in total number of 29 questions. In the first set of questions, 10 questions exist intending to determine the demographic characteristics of the applicants and the businesses they represent. In the second set of questions, 19 questions exist intending to determine the marketing strategies applied by the exporting and non-exporting businesses. The questions in this set are prepared based on 5-Likert scale (1: Strongly Disagree, 2: Disagree, 3: Neither Agree Nor Disagree, 4: Agree, 5: Strongly Agree).

The survey is applied to 450 businesses. However, due to various reasons, 38 survey forms are accepted as invalid and therefore 412 survey forms are included in the study. The survey is performed at İstanbul MODOKO and MASKO furniture sites.

In data analysis averages, standard deviation, frequency distribution, Cronbach Alpha as a reliability coefficient of samples, discriminant as a separating function, explanatory factor and multiple regression analyses and correlation analysis in order to determine the relationship between variables are performed by using SPSS statistical program.

3. DATA ANALYSIS

3.1.Demographic Characteristics

The demographic characteristics of the applicants of the survey and the businesses they represent are shown on Table 1.

Table 1. Demographic Characteristics

		FREQUENCY	PERCENTAGE (%)
GENDER	Female	78	18, 9
	Male	334	81, 1
EDUCATIONAL STATUS	Elementary	28	6, 8
	High School	36	8, 7
	Associate	25	6, 1
	Undergraduate	254	61, 7
	Graduate	69	16, 7
POSITION IN THE BUSINESS	Owner of the Business	289	70, 1
	Manager of Department	123	29, 9
	Section Chief	0	0
MONTHLY TURNOVER (Revenue).	Up to 100000 TL	90	21, 8
	100001-150000	20	4, 9
	150001-200000	38	9, 2
	200001-250000	66	16
	250001-300000	93	22, 6
	300001-350000	48	11, 7
	350001-400000	25	6, 1
	400001 AND ABOVE	32	7, 8
	EXPORT	Yes	266
No		146	35, 4
SIZE OF THE BUSINESS	Small and Medium Scaled Business	385	93, 4
	Large Scaled Business	27	6, 6
BUSINESS STRUCTURE	Own Brand	72	17, 5
	Contract Manufacturing	120	29, 1
	Own Brand and Contract Manufacturing Both	76	18, 4
	Distributor/ Franchise	144	35, 0
BUSINESS FIELD OF ACTIVITY	Kitchen/Bath Furniture	43	10, 4
	Accessories/Lighting	33	8, 0
	Bureau/Metal Furniture	72	17, 5
	HomeFurniture	211	51, 2
	Baby/Teen Furniture	28	6, 8
AFFECTED BY A CRISIS BEFORE	Yes	410	99, 8
	No	2	0, 2

The demographic findings above, show us most of the applicants are male, with undergraduate degree, owner of a business, in an exporting business, in a business which is affected by a crisis before and most of the applicants belong to a business which is in the Small and Medium-Sized Enterprises (SMEs) class.

3.2. The Relationship between the Level of Income, Size and Exporting of Businesses and Their Response to Euro Zone Crisis

It is investigated whether there is a relationship between the level of income, size and exporting of businesses and their response to Euro Zone Crisis. Correlation analysis is performed. The results of the analysis are shown on Table 2.

Table 2. Relationship between the Level of Income, Size and Exporting of Businesses and Their Response to Euro Zone Crisis

Income, Size and Exporting		Level of Income of Business	Size of Business	Exporting
Euro Zone Crisis Response				
Euro Zone Crisis Response	Correlation	-0, 524**	-0, 220**	-0, 202**
	P.	0, 000	0, 000	0, 000
	N	412	412	412

** : $p < 0, 01$

When the relationship between the level of income, size and exporting of businesses and their response to Euro Zone Crisis is considered, it is seen that there is a negatively directed and logical relationship between level of income (-0,524), size (-0,220) and exporting (-0,202) of the business. Namely, the large scaled exporting businesses with high level of income are less affected by the Euro Zone Crisis. In this case the below mentioned *hypotheses are accepted*;

H1: There is a relationship between the level of income of businesses and their response to the Euro Zone Crisis.

H2: There is a relationship between the size of the business and their response to the Euro Zone Crisis.

H3: There is a relationship between the exporting of business and their response to the Euro Zone Crisis.

3.3. The Investigation of the Differences between Exporting and Non-Exporting Businesses in the Scope of the Marketing Strategies in the Era of Crisis

In order to observe whether there are differences between exporting and non-exporting businesses in the scope of the marketing strategies in the era of crisis, multiple separation analysis is performed. Exporting/non-exporting status of the businesses constitutes criteria variable, whereas marketing strategies of the era of crisis constitutes estimate variable. Wilk's Lambda Values and Eigen values which are gained in the result of the analysis are shown on Table 3.

Table 3. Canonical Separation Function, Wilks' Lambda Values and Eigenvalues

Function	Eigenvalue	Variance%	Cumulative%	Canonical Correlation
1	0,212	100,0	100,0	0,143

Wilk's Lambda

FunctionTest	Wilks'Lambda	Chi-Square	df	SignificanceLevel
1	0,979	81,450	5	0,000

As seen on Table 3, canonical separation functions explain 100% of the total variance. The canonical correlation of the function is 0,143. Wilk's Lambda Value is 0,979 on significance level of 0,000. It is seen that the value of the function is statistically significant. The Structure Matrix is given on Table 3.

Table 4. Structure Matrix

Marketing Strategies in Era of Crisis	Function
	1
Growth Strategy	0,565
Market Share Strategy	0,497
Competitiveness Strategy	-0,465
Strategy of Customer Gaining	0,324
Strategy of Lowering Costs	0,206

When the variables that are given on Table 4 are examined by taking into account the absolute values, it is observed that they have the separation strength of variables of growth, market share, competitiveness and customer gaining strategies. Wilks' Lambda is controlled by using F test in order to determine which of the variables are important for separating from the statistical approach. The results of the test are shown on Table 4.

Table 5. Group Averages Equality Test

Marketing Strategies in the Era of Crisis	Wilks' Lambda	F	df1	df2	Significance Level
Growth Strategy	0,995	1,858	1	410	0,000
Market Share Strategy	0,995	2,120	1	410	0,146
Competitiveness Strategy	1,000	0,134	1	410	0,714
Strategy of Customer Gaining	0,993	2,739	1	410	0,000
Strategy of Lowering Costs	0,999	0,366	1	410	0,099

As seen on Table 5, the variables of growth and customer gaining strategies have the separation strength on significance level of 0,01. However, it is determined that the variables of market share, competitiveness and lowering costs strategies do not have separation strength from the statistical approach.

The group averages of significant variables are given on Table 6.

Table 6. Group Averages

The Variables of Marketing Strategies in the Era of Crisis	Exporters	Non-Exporters
Growth Strategy	3,7566	2,6524
Strategy of Customer Gaining	4,1485	3,3694

Based on the averages given on Table 6, exporting businesses apply growth and customer gaining strategies more than non-exporting businesses.

The results of the classification are shown on Table 7.

Table 7. The Results of Classification

	Export Status of Businesses	Estimated Group Membership		
		Exporters	Non-Exporters	Total
	Exporters	158	108	266
	Non-Exporters	64	82	146
	Total	222	190	412
%	Exporters	59, 4	40, 6	100, 0
	Non-Exporters	43, 8	56, 2	100, 0

*Correct Classification Ratio 78,3%

In the classification process based on the discriminant function that is separating the businesses as exporters and non-exporters, it is seen that 158 of the exporting and 108 of the non-exporting businesses are assigned correctly. Correct classification ratio for the test group is 78,3%.

When these results are taken into account, it is seen that there are differences between exporting and non-exporting businesses in the scope of the marketing strategies in the era of crisis. In this case the below mentioned *hypothesis is accepted*.

H4: There are differences between the exporting and non-exporting businesses in the scope of the marketing strategies applied in the era of crisis.

4. RESULT AND SUGGESTIONS

The results of the study show that, more or less all the businesses experienced a crisis before. In the result of the study on the relationship between the levels of income, growth and exporting of businesses and their response to “Global Crisis”, it is found out that exporting large scaled businesses with high income are less affected by the global crises. This situation argues the fact that businesses above a specific level are more resistant to crisis. The fact that exporting businesses are less affected by crisis should be well noted by the businesses that wish to surpass the crisis or to turn the crisis into opportunity.

The results of the study on investigating the differences between exporting and non-exporting businesses in the scope of the marketing strategies in the era of crisis show that the exporting businesses apply *growth and customer gaining strategies* more than non-exporting businesses. Even though this result is predicted by means of “Customer gaining strategy” is the most preferable strategy by both exporting and non-exporting businesses, it is known that “growth strategy” is less adopted by the non-exporting businesses in the era of crisis. This result shows that non-exporting businesses change their marketing strategy habits in the era of crisis when they gain an ability to export. To be more precise, they change the ranking of their marketing strategies. In one respect, when businesses gain an ability to export, they pay more attention to their “growth strategy” and somehow develop an attitude to grow their business.

The findings of the study show two facts: 1- there are differences between exporting and non-exporting businesses in the scope of the marketing strategies in the era of crisis; 2- exporting large scaled businesses with high income are less affected by crises. When the given facts are combined, we can suggest that the businesses that wish to set up resistant/successful dynamics against crises can pay more attention to “growth strategies” and be more export oriented.

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