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**TRENDS IN MARKETING COMMUNICATIONS AND  
THE LEVEL OF IMPLEMENTATION IN THE BANKING  
INDUSTRY IN MACEDONIA**

**Abstract**

The new reality in the world is transferring new marketing communications trends, visible in the last 20 years. The technology development, the Internet, the globalization, the global economic crises and the new consumer behavior are factors for developing new trends in the marketing communications in the world. In the literature review we are going to present the different marketing communications strategies as relationship marketing, permission marketing, experience marketing, social networking marketing, mobile marketing and media channel shift in the last years.

For purpose of this research implemented was a qualitative research on a sample of banks in Macedonia, active with marketing communications in the last five years. The research was implemented with closed end questionnaire, providing valuable results for the level of implementation of the new marketing communications' trends in the banking industry in Macedonia.

The conclusion is that the Macedonian banks have to consider the world trends and local consumer expectations, and increase the usage of the new marketing communications tools for improving the relationship with their customers.

**Keywords:** marketing communications trends, Macedonian banking industry, financial crises, relationship marketing, permission marketing, experience marketing, media channels, and advertising.

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## **Introduction**

The new reality is every day changes and turbulences. Information Communication Technology (ICT) rapid development influenced on the nowadays' customer. It is not a question how to control the customers' communications and word of mouth, but through providing best quality service to initiate positive communication among customers. Today's customer is more critical, can easily obtain and compare information on Internet, and is looking for more and more better quality, lower prices and interactive communications. Usage of the new digital media is a reality, not only browsing on Internet, but obvious is the rapid development of social networks. These trends are affecting the marketing managers' approach and they have to change and adopt the communications process with the new customer.

aced with media fragmentation and escalating demand for measurable results, marketers are shifting their spending from mass media to response-oriented promotional channels. Even the advertising industry is propagating 360 degree marketing and with rising competition in every category and increasing clutter in the traditional advertising media, this is a fact which Macedonian companies have to realize. Organizations are now in the dilemma in which way to go - traditional or modern. The modern way by using channels that strive to establish targeted relationships between marketers and individual consumers; it includes direct mail, event marketing, interactive marketing, one-to-one marketing, the Internet and mobile marketing, consumer promotions and trade promotions and point of purchase displays and in-store marketing.

The aim of this paper is to present the level of implementation of different marketing communications in the banking industry in Republic of Macedonia. The scope of the paper covers world trends and new forms of marketing communications on the global level, the media shift and the empirical research on marketing communications of the banking industry in the Republic of Macedonia.

## **World trends' influence on marketing communications**

The reality in the world is showing rapid changes in the last 20 years, mainly because of the fast technology development. This influenced on Internet appearance, which predisposed bigger and faster globalization among world customers. It is about

a new market and the customer is no longer a local customer. Nowadays we are talking about global customer, who is watching the same news, watching the same movies and listening to the same music all around the globe. This inter-market segmentation presents specific consumer behavior among the new generations as Generation X, Generation Y and the newest Millennial.

Kotler and Caslione (2009) in their book “Chaotics“ explain the four key changes in the marketing area as consumer empowerment – customers are more informed and they could find any information searching on Internet or asking their friends on their mobiles in the same moment. The second change is that clients are more believing famous brands with lower prices than famous national brands with highest advertising spending. The third change is the competition who can easily imitate any new product or service, and influencing on innovators ROI decrease. The fourth change is the Internet and the social networking web pages, creating totally new media, information source, and also new ways for commerce directly to the client. All of these changes are looking for big changes in the companies’ management and marketing strategies, with new thinking and a new marketing communications’ approach.

With the last global economic crises there were additional influences on the marketing communications, especially for the banks in the world. Most of the banks decreased their advertising budgets according to the report from TNS media intelligence data (2009). The top ten world banks decreased their advertising budgets (except for internet, outdoor and national radio) for 11 percentages in 2008, and 38.7 percentages in December 2008 comparing with the same period in the year 2007.

From the other side there were some banks that did not decrease their communication intensity, but changed the communication tactics according to the customers’ reactions as we could see in the article of Applebaum (2009). City Bank started a new advertising campaign “Never sleeps“, planning to improve the banks’ image with reassuring bank’s customers that the City Bank is working for them. Also the Bank of America continued with the same message for strengthening and stability that was started in May 2008 on TV, radio, print media and Internet, reassuring the customers that they are a safe bank for their savings.

During the crises, the bank’s managers mainly reevaluated their marketing communications and how effective it is. They were focusing on media or promotional tools which are providing measurable results, therefore increasing the usage of digital interactive media and promotional activities with higher engagement of the customer.

All of the above mentioned changes, trends and crises in the world, influenced on a new marketing communications shift. The customers are using new media, buying new types of products and companies are starting using new marketing concepts, where the customers are the most important. According to a lecture at a conference for Integrated Marketing communications in Singapore (2009) the most important nowadays for the marketing communications is the integration of new digital

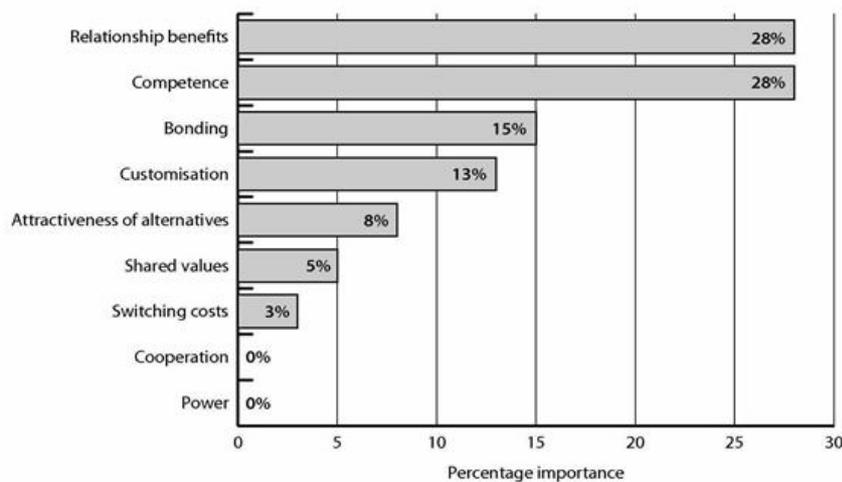
media into traditional media, inclusion and engagement of the customer and measuring the marketing communications' effects.

### New forms of Relationship marketing

Trend in the modern marketing that involves all stakeholders, including employees, suppliers, distributors, customers, agencies, investors, collaborators, governmental agencies, media and society members is the relationship marketing. Relationship marketing investments generate short-term feelings of gratitude that drive long-lasting performance benefits based on gratitude-related reciprocal behaviors (Palmatier, Jarvis, Bechkoff & Kardes, 2009). The research of Palmatier et al. (2009) identified a set of managerially relevant factors and empirically demonstrates that gratitude plays an important role in understanding how relationship marketing investments increase purchase intentions, sales growth, and share of wallet.

Relationship marketing is important in establishing and managing long-term marketing relationships. The study of Theron and Terblanche (2010) found that particular dimensions are more important than others when relationships are established, and that trust, commitment, satisfaction and communication are the most important dimensions. Further dimensions identified as important in the B2B financial services industry are competence, relationship benefits, bonding, customisation, attractiveness of alternatives and shared values as presented in the Figure 1.

**Figure 1 - THE IMPORTANCE OF DIMENSIONS BASED ON CONSISTENCY LEVEL**



*Source: International Journal of Market Research, 2010, Vol. 52 Issue 3, p383-402, 20p, 3 Charts, 2 Graphs, Graph; found on p395*

Relationship marketing involves the application of the marketing philosophy to all parts of the organization. Every employee is said to be a “part-time marketer“. This is the way Regis McKenna (1991) view the marketing as “Marketing is not a function, it is a way of doing business . . . marketing has to be all pervasive, part of everyone’s job description, from the receptionist to the board of directors.“

**Experience marketing** uses events and sale premises design, to involve and engage the customers personally. This marketing means that we have to find the point of contacts (Moriarty, Mitchel and Wells, 2009) as they represent the point when the customer is experiencing our brand, not meaning that the customer is trying the product. This experience would influence on obtaining a positive or a negative brand perception within the customer. The idea is the client to be involved in order to create and build a long-term relationship. The experience marketing is a part from the relationship marketing. This is a new approach in the marketing communication, building partnership relationship marketing, through involving / engaging the customer in the banking business, making an unforgettable experience and emotions, if possible, in order the customer to talk further, to recommend the bank and to stay lifelong loyal to the bank or to the bank’s brand.

**Permission marketing** is a term popularized by Seth Godin (1999) and used in marketing in general and specifically influenced from the Interactive Communications Technologies development as Internet, which provided opportunities for personalized messages to each customer. The undesirable opposite of permission marketing is the interruption marketing.

Marketers obtain permission before advancing to the next step in the purchasing process. For example, they ask permission to send email newsletters to prospective customers (Scott, 2007). It is mostly used by online marketers, notably email marketers and search marketers, as well as certain direct marketers who send a catalog in response to a request.

According to the Law on Personal Data Protection (2005) Banks in Macedonia, as any other institutions, are obliged to ask for a written consent from the customers for further informing the customer and sending any promotional materials.

**Interactive marketing** is just another form of relationship marketing, opposite from the monologue marketing communications. It becomes available and attractive with the Interactive Communications Technologies development, same as the permission marketing. Deighton (1996) presents that Interactive Marketing refers to the evolving trend whereby marketing has moved from a transaction-based effort to a conversation. This marketing is a reality and the banks should not close their eyes and ears in front of the voice of the customer. The customer is spreading positive, but also negative information, experience, and in the best choice advocating for the brand.

In the article of Shukla (2010) the term ‘**Viral Marketing**’, developed by the Harvard Business School professor, Rayport (1996) and popularized by Tim and Steve (1997), describes e-mail practice of advertising of hotmail in their outgoing mails

from their users. When used offline, it is referred to as Word-of-Mouth (WOM) communication, and when used online, it is called 'viral marketing'.

### **The media shift**

The importance, usage and the future of the media is presented in the research done by the Research department of the British magazine Economist (Economic Intelligence Unit – EIU) in 2008. The research presented the key factor for changes in the communications' channels; the technological improved connection with employees, suppliers, investors and the most important – customers. The results presented in the next five years, electronic mail through mobile and fixed phones will undertake the primary position as the most important business communication channel. Acceptance of new "networks" channels will increase for having improved internal and external communication with partners.

There is a forecasting from Jugenheimer in the book of Moriarty (2009) that number of newspapers will decrease, magazines will merge and become less, and television and radio are expected to be decreased, too. According to him mass media will evident trends as digitalization, interactivity, involvement, parity and media clutter. This is the reality; the audience skips the advertisements or changes the channels during the advertising block. This is why the advertiser has to find a way to come out from the clutter with finding an appropriate medium for the customer, and delivering a creative and different message to the right customer, at right time.

All of these trends create bigger usage of digital media. We are witnessing bigger usage of Internet on mobile phone as reading e-mail messages on mobile phones, browsing, communication and using social networks at the same time. According to the research of Ball State University, through the Center for Middletown Studies in 2005 presented in the book (Moriarty et al., 2010), the average person spends about nine hours per day on some medium.

Kantar media is a company that measures the media spending on annual basis and from their report (2011) we could compare the advertising spending of 2010 with 2009 in the table 1. Total advertising expenditures increased 6.5 percent in 2010. Ad spending during the fourth quarter of 2010 was up 7.0 percent versus last year. This is presenting some positive air in the advertising industry, as an after crises effect. Biggest increase is in TV, internet, outdoor and radio. From the other side there is an ongoing decline in the newspapers' advertising.

Table 1

PERCENT CHANGE IN MEASURED AD SPENDING <sup>1)</sup>	
MEDIA SECTOR	Full Year 2010 vs. 2009
• Media Type (Listed in rank order of 2010 spending)	
TELEVISION MEDIA	10.3%
• Network TV	5.3%
• Cable TV	9.8%
• Spot TV	24.2%
• Spanish Language TV	10.7%
• Syndication - National	-2.8%
MAGAZINE MEDIA <sup>5</sup>	2.9%
• Consumer Magazines	3.3%
• B-to-B Magazines	-1.2%
• Sunday Magazines	4.6%
• Local Magazines	0.9%
• Spanish Language Magazines	5.5%
NEWSPAPER MEDIA	-3.5%
• Local Newspapers	-4.6%
• National Newspapers	2.7%
• Spanish Language Newspapers	2.0%
INTERNET (display ads only)	9.9%
RADIO MEDIA	7.6%
• Local Radio	4.9%
• National Spot Radio	18.6%
• Network Radio	2.2%
OUTDOOR	9.6%
FSIS	5.4%
<b>TOTAL</b>	<b>6.5%</b>

Source: Kantar Media

In the same report, in the table 2 comparing the top ten advertising categories, we could notice that the advertising spending for Financial Services increased 6.0 percent. In the aftermath of the financial crisis, marketing activity has picked up noticeably for products related to debt (credit cards, consumer loans) while advertising budgets for savings related segments have lagged (investments, retail banking).

Except the traditional and the new digital media, there are also examples of alternative media in the world. The alternative media are not using nor traditional, nor digital media, so they could be flyers, brochures, bags, point of sales materials, point of purchase materials as ads in toilet or at pizza box or at the airplane sit, kiosk advertising, ads at certain events or places. Another idea that comes from US is the space advertising (Moriarty et al. 2010), having advertisement on the space shuttle of NASA in the space.

<sup>1)</sup> Figures tabulated from Kantar Media's Strategy™ application and cover all measured media.

Table 2

**TOP TEN ADVERTISING CATEGORIES: FULL YEAR 2010 VS. FULL YEAR 2009**

Rank	Category	Full Year 2010 (Millions)	Full Year 2009 (Millions)	% Change
1	Automotive	\$13,026.0	\$10,869.2	19.8%
	• (Manufacturers)	(58,224.7;	(\$7,066.3)	(+16.4%)
	• (Dealers)	(\$4,801.9)	(\$3,802.9)	(+26.3%)
2	Telecom	\$8,751.5	\$8,417.6	4.0%
3	Local Services	\$7,991.7	\$7,474.6	6.9%
4	Miscellaneous Retail	\$7,708.8	\$7,055.7	9.3%
5	Financial Services	\$7,689.7	\$7,254.8	6.0%
6	Food & Candy	\$6,672.3	\$6,228.6	7.1%
7	Personal Care Products	\$6,161.0	\$5,515.2	11.7%
8	Direct Response	\$6,143.5	\$6,521.1	-5.8%
9	Restaurants	\$5,652.8	\$5,528.3	2.3%
10	Pharmaceuticals	\$4,327.8	\$4,716.0	-8.2%
	TOTAL	\$74,125.1	\$69,581.0	6.5%

Source: Kantar Media

**Research methodology**

A quantitative research conducted for this research, was conducted on eight banks in Macedonia, with different size: three big, three middle and two small banks in June 2010. The sample was representative as it is presenting eighty percentages from the total Banks marketing communications budget. The questionnaire was pre-structured in order to define specific questions for banks' marketing communications activities. The survey was done online, sent by e-mail to the Bank's Heads of marketing departments. The online answers were confirmed through a telephone interview with each bank.

The questionnaire was consisted of the following questions:

1. Do you have changes in the budget allocation per media and other marketing promotional activities? What is the percentage of the change (media / PR / promotions / telemarketing / direct mailing / production / sponsorships / internal / research / agency work)?
2. Describe the budget allocation for marketing communications according the types of products and services of your bank (fulfill table) – deposit, credit, payment system and corporate image.

**Results and discussion**

According to the survey for this paper, half of the banks in Macedonia kept the same budget in 2009 as in 2008 and half of the banks had 20-30 percentages decreased marketing communications' budgets for 2009 comparing with 2008. In aver-

age all banks' advertising budgets were decreased 23 percentages comparing with 2008.

Another trend was the change of the media channels allocation. In the Republic of Macedonia TV and newspapers were keeping the same allocation in the total media budget, and internet and outdoor were growing slowly.

The advertising campaigns for corporate image and mortgage loans have lower allocation in the total budget. Credit cards' campaigns still have significant percentage from the total media budget and much higher budget comparing with the previous years. Consumer loans and business loans communications are completely decreased on very low or no communication at all.

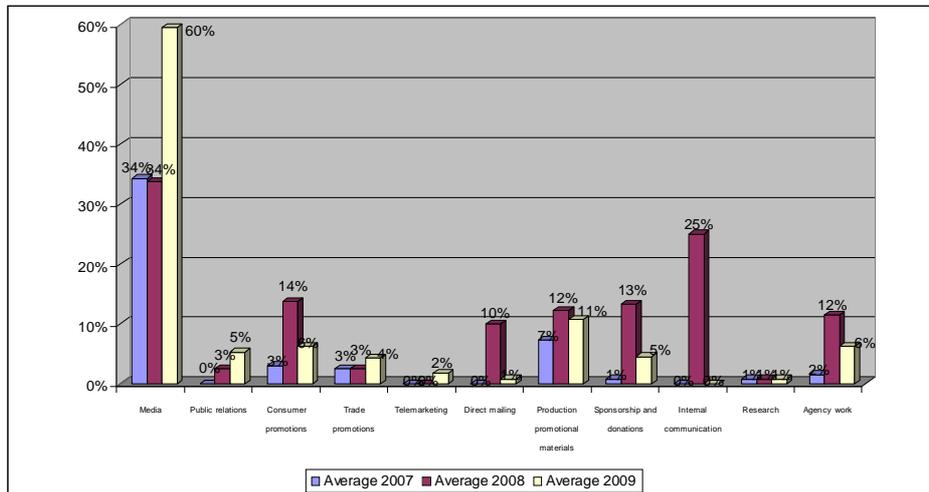
According to the survey performed for this paper and results presented in the figure 2, during the last financial crises, the marketing communications in Macedonia was mainly performed through advertising. Only few of the biggest banks have implemented other communications tools. Some of the banks have performed promotional activities as sweepstakes for credit cards. As we can see from the graph, Public relations were also much used by most of the banks, as PR is mainly influencing on the credibility, corporate image perception and is only small part from the marketing communications budget, it is very cost effective and important for the banks. Direct marketing was rarely used, only by one or two banks, with telemarketing and online direct communication, but with very low participation in the total budget. This is mainly because of the old data bases and not implemented CRM systems in the banks in Macedonia, which is a big issue and it should be changed in the near future, if the banks wants a better and cost effective communication. There is a trend of lowering the budget for sponsorships and donations, as it was on a very high level, before.

Internal communication is covered with very low budget from the total communication budget, but that doesn't mean that banks were not using. It is mainly covered by the Human resources department budgets, therefore does not exist in the marketing budget at all or exists with a small percentage.

Research activities are not used much, mainly for some quantitative or qualitative surveys, but not on a regular basis. This activity should be planned and performed on regular basis, as it is the most important for measuring the effectiveness of the marketing communications performance.

Pioneering steps are seen in using non-traditional media as guerilla marketing, i.e. one bank had brand extension in 2008 with acrobats performing the name of the "OK" loan in the most frequent trade malls (Stopanska Banka, 2008). Also some of the banks started and are using small budgets for digital media as online advertising with banners, social networking advertising on Facebook, e-mail direct mailings and mobile advertising with sms messages to current customers.

**Figure 2- AVERAGE MARKETING COMMUNICATIONS EXPENDITURES FOR DIFFERENT TYPE OF MARKETING COMMUNICATION**



Trying to connect with the world trends in marketing communications, we could summarize that all of the banks in Macedonia are using permission marketing, as they are obliged with the Law on Personal Data Protection (2005). However, the permission marketing, especially relationship marketing and CRM are not used enough, as not all of the banks are having direct mailing and direct marketing with their customers.

The interactive marketing is average as all of the banks are offering e-banking to their customers; they have some e-mail communication not many interactive and social networks are used on a very low level, mainly because they are afraid from negative customers' reactions.

### Conclusion

The new marketing communications process is building relationship marketing with all their stakeholders, providing unforgettable experience that is going to be talked around. That is why next thing is interactivity, as today's customers are online and they expect immediate reply on Internet or on their mobile phones. But not all the customers want to be addressed and overwhelmed with millions of messages; therefore permission marketing is legally obliged to be used.

There is a change in media usage, too. Especially because of the last global financial crises, managers became more aware and more interested in measuring their results from each of the marketing communications channel. Therefore they allocated the budget towards new media and other direct promotional tools, which are easily measurable mainly because of the online or face to face interactivity. The newspapers

are facing the biggest damage from the ICT, as news is mainly read on Internet, and also on smart mobile phones. Modern customers are using many media in the same time, which is a good reason manager to find the most creative way to communicate the message, to the right person at a right time and on a right place, with other words to find out the contact points of the customers.

All of these trends in marketing communications were researched on a representative sample of Banks in Macedonia. Banks in Macedonia are keeping the track with the world banks and are already providing e-banking solutions on different quality level. From the marketing communications point of view, banks are mainly using advertising, which is generally a traditional approach and PR, which is important for the banking industry as it build the banks' reputation and it is cost effective. Consumer and trade promotions are promotional tools that could provide better experience for the customers and achieve better measurable results.

The conclusion is that not all of banks are realizing the importance of customer orientation and building relationship marketing. As CRM systems are long term beneficial, it is of great recommendation banks to start using such a system in order to build partner relations with their customers. With this system it will be much easier to make use of direct marketing as direct mailing and telemarketing, to make use of the permission marketing, and to work more effectively.

Banks should be aware of the media that today's customer is using in the same time. The banks should be present where the customer is moving, but also be present on the new media as social networks, internet, and mobile phones. It is not a question how to control what the customers are talking and sharing about the company, but how to provide the best quality service and to be transparent.

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