

Competing in COVID Era by Adopting Defensive Marketing Strategies

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ARTICLE INFO

Key Words: Defensive marketing, COVID-19, Corona virus, Customer retention.

ABSTRACT

The epidemic of novel corona virus (COVID-19) has created global health crises. Corona virus has a wide-reaching effect on almost every business.. This pandemic continues to impose the temporary closure of businesses and to follow lockdown measures. In a short span, COVID-19 has changed the lives and livelihoods of people around the globe and enforced businesses to understand the impact of COVID-19 on businesses and to react properly in this uncertain situation. Businesses must realize that in this environment of fear, confusion, and concern they need engage with their clients and use CRM tactics to get closer to their customers. Businesses are facing various challenges regarding consumer demand and marketing, sales growth, and revenue earning. This drastic event has slow down the pace of businesses and their strategies to attract new customers for business, therefore, raised the importance of defensive marketing strategies (Holding existing customers or customer retention). The current article provides businesses some insights to understand and implement defensive marketing strategies in and after the time of COVID-19.

Introduction

The corona virus (COVID-19) outbreak, which is originated in china, has infected people largely. Its spread

has left businesses around the world counting costs. This pandemic has resulted threat to economies of many nations as the drastic event enforced the temporary closure of businesses, movement restrictions of

Received 01.08.2021; Accepted 04.11.2021

DOI: [10.48165/gm.2021.1524](https://doi.org/10.48165/gm.2021.1524)

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individuals, avoidance of large gathering of people in commercial places results in decreased sales and profitability of businesses. Corona virus spread uncontrollably around the world; as of September, 2021 total of 229,843,046 people had been

infected and 4,713,824 died globally (WHO, 2021). Many countries' governments decided to preserve lives before saving their economies in reaction to the pandemic breakout, declaring immediate or phased lockdowns in their respective countries. Overnight, policies such as "social distancing" and "stay-at-home" were imposed, wreaking havoc on different businesses.

According to the World Trade Organization, "world trade was already experienced a slump in 2019, and then the COVID-19 pandemic precipitated a global financial crisis". According to preliminary estimates, the COVID-19 pandemic will cost major economies between 2.4 and 3.0 percent of their GDP in 2020 (WTO, 2020). It has become challenging for most businesses across the world to keep their financial wheels rolling in the high level of uncertainty. Covid-19 has put a lot of pressure on the global business community. While businesses have begun to recover from the shock, customer optimism is unlikely to return to pre-crisis levels for some time. Demand is low, and customers are hesitant to make purchases, delaying purchases and continuously looking for lower prices, even switching from their preferred brands (because of high online migration). In this scenario, Customer lifetime value (CLV) and maintaining existing clients have become critical in this environment, particularly for recurring revenue enterprises. Customer retention and CLV are inextricably linked. CLV identifies the businesses most loyal customers and assists them in prioritizing service based on customer value, resulting in increased customer loyalty and CLV. This insight is critical for businesses, as the Pareto principle in marketing suggests, "generally, 20% of customer contribute about 80 percent of revenue". During these critical periods, the CLV measure is even more important. Many organizations marketing budgets have been drastically decreased as a result of the pandemic, as priorities have altered. As a result, business leaders will need to focus more on CLV and explore building loyalty programmes to retain and gain more high-value customers in order to maximize their marketing campaigns.

Customer retention is very challenging for businesses especially now a days. The unprecedented times and business environment have made it uncertain for business leaders on what steps to take to retain customers. Budgets have been compromised and priorities have moved online. In this mix, it is necessary to find efficient ways to sustain the businesses. According to Marketing Metrics, the rate of success while selling to an existing customer is close to 70%, while the same for a new prospect is 5-20%. Increasing customer rate by 5% can increase profits by 25%-90% (Kumar and Kaur, 2021). In the times of the corona virus pandemic, a primary indicator that will set businesses apart is customer experience. What may not have affected a business earlier now poses a major problem. So, retaining customers becomes necessary for any company to sustain itself in this economic turbulence. The existing customer retention strategies may not work best in these testing times.

COVID-19 has also compelled businesses all across the world to function in more innovative and resilient ways. Firm's objectives are shifting in response to existing difficulties such as real-time decision-making, worker productivity, business continuity, and security threats, but additional challenges posed by the pandemic are putting their resilience to the test as they try to create a foundation for the future. Across the globe, companies and businesses has started acting to protect their stakeholder's interest. In the short span, COVID-19 has changed the lives and livelihoods of people around the globe and forced the businesses to understand the impact of COVID-19 on businesses and to react appropriately in this uncertain situation (Donthu and Gustafsson, 2020). Businesses need to understand that how they should communicate with the customers and should apply customer relationship management (CRM) strategies in this situation of fear, confusion and anxiety to come closer to customers. Companies which invest in their core customer segments was down, physical movement of people was restricted but Online formats/ digital models of business gained popularity. Customers are largely shifting towards online shopping for all type of goods and services. This is the time when businesses and companies need to stay closer to customers by developing digital models/ online formats. In this pandemic, businesses

investment in online formats would be a wise decision to push their Omni-channel distribution and to create advantage to help their customers in this health crisis. The main aim of this paper is to highlight the ways businesses can adopt defensive marketing practices to stay competent in and after COVID era.

Background

Corona virus

The world health organization (WHO) explained “corona viruses as a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East respiratory syndrome (MERS- CoV) and acute respiratory syndrome (SARS-CoV)” (Verma and Gustafsson, 2020). Covid- 19 means corona virus (disease of the year 2019). It’s a new strain discovered in 2019 that has never been seen in people before. According to WHO, it begin in a Chinese city Wuhan in December, 2019. The majority of the corona virus literature was documented and published in scientific and medical journals. Zhu et al. (2020) reported in December 2019 that a cluster of patients with pneumonia of unknown origin was related to a seafood wholesale market in Wuhan, China, and was later proven to be COVID-19. Corona virus considered a one of the most infectious disease which mainly occurs after contaminating the human with the rigorous acute syndrome of respiratory issue (Verma and Gustafsson, 2020)

Defensive marketing

Defensive marketing has been a relatively under researched phenomenon. Research in this field has been sporadic in nature from last almost forty years. Several approaches have been highlighted in the extant literature as well as in fractioned research. Defensive marketing is the phenomenon in which customers react as a protector to protect business from rival’s competition in a specific market. Defensive marketing strategies are related to firm’s actions to defend their market share, profitability from present and prospective competitors. Hauser and Shugan used defensive marketing termi-

nology for the first time at 1983. Since then the phenomenon of defensive marketing did not get relevant importance in marketing literature. This field is having lack of studies. Fornell and wernerfelt (1987) has developed an economic model of complaint management as defensive marketing strategy. According to them defensive strategies can reduce marketing expenditures. It is proved that to hold the current customers is more affordable than acquiring new ones, keeping an existing customer costs one-third of that needed to attract a new one (Fomell and Wenerfelt, 1987). Karakaya and yannopoulos (2008) explored defensive strategies in global market. Their research shows that how local incumbent firms utilize their models to react against new competitors. Compared to offensive marketing studies researches on defensive marketing strategies need to be more in focus in covid time. To consider the defensive marketing strategies is the demand of critical time.

Methodology

A conceptual research is conducted to investigate the use of defensive marketing strategies during and after the pandemic. Because the COVID-19 viral pandemic is a new event with no precedence, and all empirical evidence will be available only thereafter, the conceptual study

technique was deemed to be the most appropriate in the current circumstances. Our main objective is to give managers advice on how to comprehend the value of defensive marketing and how to use it in various ways in their firms.

Adoption of Defensive Marketing Strategies During and after Pandemic

Focus what you already have

Many businesses were left financially insecure as a result of the pandemic. Some businesses attempted to cut costs in anticipation of reduced revenue. The marketing department was one of the first departments

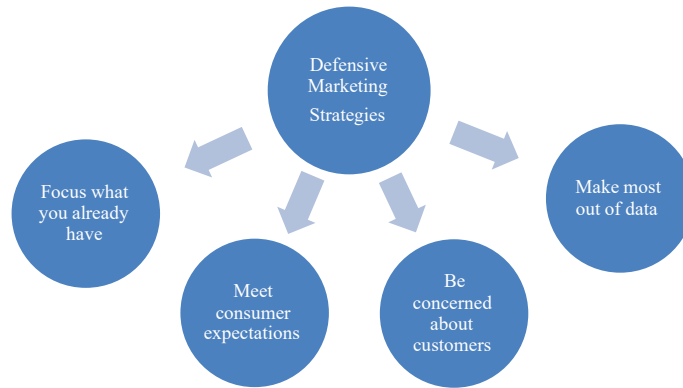


Fig. 1: Word cloud

Source: Author

to be slashed in many businesses. Businesses should consider modifying the business marketing plans to focus on customer retention and loyalty if they need to work with a limited budget. Businesses should market to current clients and contacts instead of investing in brand awareness initiatives to attract new prospects. Additionally, firms must be proactive in dealing with client complaints. Predicting client complaints and addressing them before they become problems is what a proactive approach entails. Customers, particularly in the pandemic affected market, would want to connect with businesses that understand their concerns and respond to them promptly. This presents a chance to boost customer retention, loyalty, and satisfaction.

Meet consumer expectations

The speed with which traditionally in-person behaviors and acts migrated to the internet is one of the most notable factors from the pandemic. Without a doubt, a trend toward digitizing business-to-consumer relationships was already underway before the outbreak, but COVID-19 laws compelled enterprises to expand their online products in order to remain available to consumers and to get online if they weren't already. Businesses have had to adapt their operations regardless of industry, whether it was event planners producing virtual events, brick-and-mortar merchants using online purchasing and curbside pick-up choices, or institutions and universities building virtual classrooms for sessions. Many organizations found themselves forced to

adjust to COVID-19 constraints, which set a new standard and opened up previously unimagined opportunities for online contact and involvement. Customers are more likely to stay loyal to a firm if they believe it values them and responds to their needs, which may change over time. An Omni-channel strategy provides a single perspective of each consumer, allowing for a more comprehensive customer experience. It enables businesses to send each consumer a personalized, relevant, and timely message via their preferred channel.

Be concerned about customers

Every interaction or communication of company with the existing customers provides them an opportunity to demonstrate the brand and purpose especially in uncertain situation like COVID 19. Every interaction with customer is an opportunity to demonstrate what an organization is all about, and to be true to ones brand and their purpose. People are paying attention to how organization is responding. It is important for companies to respond appropriately in the difficult time because it can lead to even strong relationship with customers. Companies should offer genuine support and to take preventive steps for customer safety. It will earn strong confidence, trust and reputational benefits for brand, results in retention of existing customers and even attracting new customers for companies. For example, lifebuoy soap brand marketed by Unilever spreading hygiene awareness in the time of COVID-19. Their awareness campaign on print ads,

TV commercials and digital ads, show ways to prevent contact the novel corona virus that cause

COVID-19. Their communication not focuses on sales promotion. They are maintained the stance that use any soap not only lifebuoy for hand wash thoroughly to prevent contact from corona virus. They rolled out different TV commercials which focus on washing hands, teaching viewers to wash hands from hands and show hands with faces made on them to make it more interesting.

Make most out of data

Data can guide businesses in making well-informed marketing decisions during times of uncertainty. To obtain insights into the users activities and understand where the traffic is coming from, businesses should employ analytics and research tools like Google Analytics and Google Search Console. With more people spending time online than ever before, it's more important than ever to invest in search engine optimization (SEO) to improve the business search exposure. While SEO may already be a component of business marketing strategy, there may be some significant changes to be aware of. To update the SEO efforts, businesses must first understand what audience is looking for and what search queries are leading them there. Identify new search trends, high-volume keywords, and other opportunities using your research tools and resources. Keeping an eye on what the target customers are looking for, can help businesses not just with marketing and SEO, but also with generating new business goals and opportunities.

Conclusion

This isn't the first crisis, and it won't be the last, but it is a good opportunity to listen to loyal customers, learn from their input, and anticipate their requirements. Businesses that take advantage of this chance will be able to build a favorable brand image, and after this difficult time, they will be rewarded with loyal and pleased customers. Despite the crisis, retention is similar to what it was in earlier times. It should be a primary

priority in the future. Given the drop in customer confidence, businesses should stay on top of their customers changing needs, as well as detect and resolve their problems ahead of time. It's the most effective way of expressing your gratitude.

COVID-19 has emerged as one of the pandemic health menace. It has caused an economic blip and posed an unprecedented challenge for businesses. It has pushed the pause button on all the big sectors of Indian economy. The outbreak has changed the way businesses are adopting marketing strategies and raised the need to adopt defensive marketing strategies. Businesses can implement defensive marketing strategies as it has a major impact on the bottom line due to its relatively low cost, high return on investment and long term benefits.

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