

Emerging Marketing Strategies during the COVID-19 Pandemic

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ABSTRACT

This research examines how the COVID-19 pandemic has led to a major disruption in the marketing field. Marketing strategies and policies, particularly of small and medium enterprises, have undergone widespread changes due to consumer purchasing behaviour and pattern changes. The pandemic has led to a market, from offline to online, and perceived changes in consumer behaviour were evident owing to its impact. Accordingly, businesses needed to change their marketing strategies. As the world went into lockdown, individuals spent considerable time on social media platforms. Hence, social media marketing (SMM) has emerged due to perceived benefits, external pressure, and monetary support, among others. SMM can influence the consumer decision-making process, which begins with realizing consumers' need for products and ends with fulfilling such a need. External stimuli have a significant influence on consumer purchasing behaviour. Social media can influence consumer decisions, which is understood through the use of theories of the consumer decision. Furthermore, developing an SMM strategy is understood through consumer engagement and gratification theories. Findings showed that consumers' use of social media increases privacy issues, and online theft restricts the use of social media, thereby serving as a limitation. Recommendations are provided to address such limitations and improve marketing practices.

Keywords: Marketing policy; Covid-19; Social Media Marketing; Marketing strategy; small and medium enterprise

INTRODUCTION

The COVID-19 pandemic has led to a major disruption in the marketing field. Marketing strategies and policies, particularly of small and medium enterprises (SMEs), have undergone widespread changes owing to changes in consumer purchasing behaviour and pattern. Given that the world's offline market has been on a standstill since the start of the pandemic, adopting online marketing was necessary for every business, particularly small and marginal business enterprises, given that they substantially contribute to GDP. A World Bank report indicated that SMEs hold 90% of the market and provides over 50% of employment worldwide (The World Bank, 2021). Given that everything went online,

groceries, clothes, and medicine, among others, were purchased and tracked through online modes. This development presented long-term opportunities for small, medium, and large businesses to reach out to many people and establish their footing on the online marketplace. Accordingly, marketing is required for businesses to sustain and grow in the long and short terms (Jahid & Makmun, 2021). In particular, marketing enables businesses to develop relationships with consumers, and consumer engagement is a stepping stone for successful businesses. Marketing strategies are formulated to reach consumers and make them permanent customers of products and services.

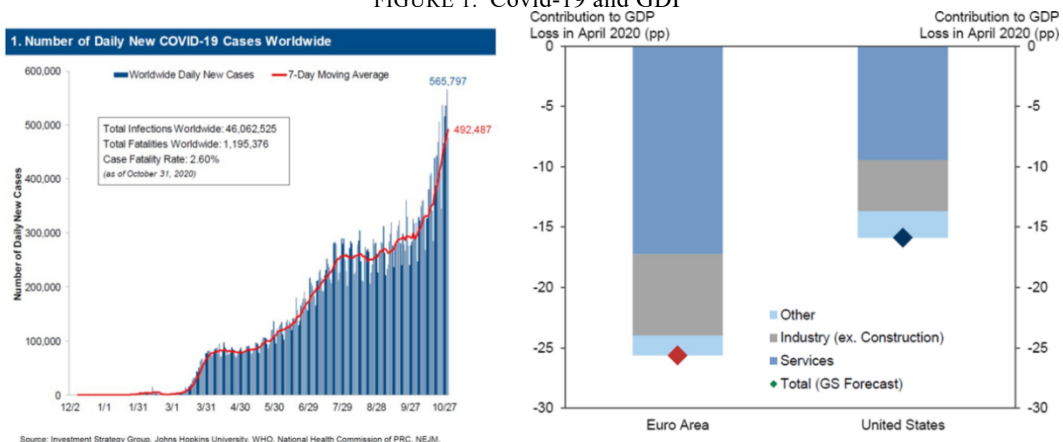
Social media has emerged as a marketing tool, particularly during the COVID-19 pandemic, because it offers a platform to interact with customers without direct physical contact with them. The increased use of social media, apart from entertainment, has also provided an opportunity for businesses to expand in a new market through the use of social media marketing (SMM) strategies (Mohamad Irhas, Sugandinf, & Istanto, 2020). The current research discusses changes in the marketing field during the COVID-19 pandemic and their impact on business enterprises. Furthermore, the need to upgrade the marketing strategies of businesses is identified and the role of SMM in reviving the business is discussed. Social media impact on consumer decision-making is likewise elaborated through consumer decision-making models and theories. Lastly, the process of developing an effective SMM strategy is discussed with its future implications.

LITERATURE REVIEW

MARKETING SCENARIO DURING THE COVID-19 PANDEMIC

The COVID-19 pandemic has affected consumer behaviour and disrupted the existing marketing strategies of businesses. Because of the various stringent measures implemented by governments to prevent Covid-19 Virus, such as entry and exit restrictions, the business operating process by disrupted and the need for transformation in the standard operating process aroused to sustain their brand and grow their customer base (Holland & Knight, 2020). The pandemic has led to a market shift, from offline to online, and perceived changes in consumer behaviour have been evident owing to the impact of such a shift. Moreover, the COVID-19 pandemic has substantially affected consumer behavioural pattern owing to changes in working, living, and shopping patterns. Societies stood still and world economies entered recession.

FIGURE 1. Covid-19 and GDP



Source: (Goldman Sachs, 2020)

Figure 1 shows the increase in global COVID -19 cases (left) and decrease in GDP (right) owing to the impact on major industries. Consumer behaviour was generally affected by the pandemic. Major trends were evident in the consumer marketplace because consumers had to re-evaluate their priorities (Hoekstra & Leeftang, 2020). In particular, SMEs were substantially affected, many of which were forced to shut down, lost revenues losses, or encountered other complex problems (Mohamad Irhas, Sugandinf, & Istanto, 2020). Although the adoption of a healthy lifestyle became a trend, medium and small households struggled to balance their financial situations. Social distancing shifted shopping activities online, from groceries to clothes and durables. Meanwhile, the aviation and restaurant industries were forced to shut down. To meet the changing needs of consumers, SMM emerged as a tool to help SMEs adapt to changing customer needs.

Under the impact of the economic recession caused by the new coronavirus, as the survival of the firms was in question in crisis the need arise to shift the method of promotional advertising, the use of different media sources is done to upgrade as per changing market needs and to reduce the advertising cost for SME's (Wang, Hong, & Li, 2020). A survey indicated that among participating firms, 85% encountered the risk of bankruptcy owing to lack of operating funds and cash flow. Companies reduced their advertising expenses by changing the mode of advertisement. A shift to “contact advertising” involves the use of articles, newsletters, websites, and, most importantly, social media. Social media emerged as a tool to understand customer needs and trends, and market them using different social media platforms.

NEED FOR UPGRADING MARKETING STRATEGIES FOR BUSINESSES

Modification in marketing policies is evident owing to changing customer needs. Modifications were made through assortment, changes in price, and communication strategies, among others, based on marketing policies. Assortment strategy involves evaluating businesses and identifying products that do not contribute to business profitability (McKinsey & Company, 2020). The range of products was reduced and a new product range was introduced to meet the changing demands. During the pandemic, prices of essentials increased owing to a break in the supply chain and increasing demand. Brands that offer value to customers as per the product prices are sustained in the market (Donthu & Gustafsson, 2020). Brands that do not offer essentials are considerably sensitive to price changes. They provide volume discounts and offer to attract customers. In a crisis, companies tend to reduce cost in advertisement and communication. Companies that continue spending on communication can win over their competitors, but the contents must adapt to relevant situations.

ROLE OF SMM REVIVING SMES

SMEs were generally affected by COVID-19 protocols. Strict regulations for containing the spread of the virus and social distancing measures particularly affected SMEs. They suffered from diminishing demand and lack of funds, buyers, and technology, thereby preventing many of them from continuing their businesses (Patma, Wardnan, Wibowo, & Shandy, 2020). To deal with these issues, SMEs need to restructure their business strategies to become sustainable in a rapidly changing globalized world by meeting the demands of customers. The Internet was used as a platform to take a transitional leap in business from offline to online. For the online transition of business activities, SMM was used as a platform to increase companies' profitability and market share and gain competitive advantage (Mason, 2021). Internet and e-business technology (IEBT) were

adopted by businesses, and SMM can be used as a tool for facilitating the revival of business.

SMM emerged as a marketing tool owing to its perceived benefits, external pressure, monetary support, and others. The perceived benefit of using SMM as a marketing tool was to fulfill the primary goal of businesses. Business organizations' goal is to maximize their financial gains. In addition, businesses function to expand their market share (Hoekstra & Leeftang, 2020). The financial and operational goals of businesses can be fulfilled by adopting SMM strategies. However, external pressure also drives companies' behavior toward adopting social media as a marketing tool. Given that the global market has been unified owing to the adoption of IEBT, the use of SMM as a marketing tool is needed to overcome external pressure. The changing customer behaviour as an impact of the pandemic and increased competition among suppliers to capture the online market have increased the pressure to adopt SMM (Patma, Wardnan, Wibowo, & Shandy, 2020).

INFLUENCE OF SMM ON CONSUMER DECISION-MAKING

Social media is used as an important marketing tool for brand development and growth. It is vital in integrated marketing promotional messages and can have an impact on consumer perception, thereby leading to their consumption behaviour. Social media has had an impact on consumer buying behaviour, particularly during the COVID-19 pandemic (Knowles, Richard, Patrick, & Joseph, 2020). This situation can be understood by analysing the consumer decision-making model. The pandemic has resulted in an alteration in consumer needs, purchasing behaviour, and satisfaction levels. The *consumer decision-making model* identifies five stages that can guide the buying behaviour of consumers and the role of social media in guiding the same.

The first stage elaborates how social media helps in the *identification of product needs* of consumers. The consumer decision-making process is influenced by various factors. In particular, the realization of product needs by consumers drives demand. External stimuli can motivate consumers to generate perceived needs. When the actual and desired state comes in harmony, products need to be activated (Mason, 2021). For example, health-conscious individuals who are knowledgeable on health issues can be attracted owing to wrong body sitting posture. This knowledge can cause a difference between the desired health and current state of consumers. Individuals may develop the need for tools to improve sitting posture. Social media provides a means for generating brand awareness, which can be done through paid promotional activities. Businesses use influencers to promote and build product awareness among the masses. Moreover, businesses can hire influencers to review products in favourable terms (Livarinen, 2017). Contents posted by celebrities potentially influence the decision-making process of their followers.

The second stage is *product information search*, and social media can be a useful tool in this aspect. When consumers need to be activated, they gather information and develop awareness of the features of the competing brands. When consumer involvement is high, they rely on different sources to obtain elaborate information (Milner & Rosenstreich, 2013). Consumers also engage with potential influencers, such as family, friends, peers, and others. Customer involvement can be increased by using high-quality advertisement and infotainment using multiple sources of media to communicate brand awareness. Therefore, social media is relatively influential in product information search. The third stage is *evaluating product alternatives* that guide the consumer decision-making process. The pros and cons of the different alternatives are evaluated by consumers. Certain rules of thumb influence the choice of products (Amlani, 2016). For example, consumers can

use the compensatory rule to seek the best performing product by comparing the major aspects. Companies that are active in social media in providing efficient customer support through comments or direct messages can gain a competitive advantage over their competitors.

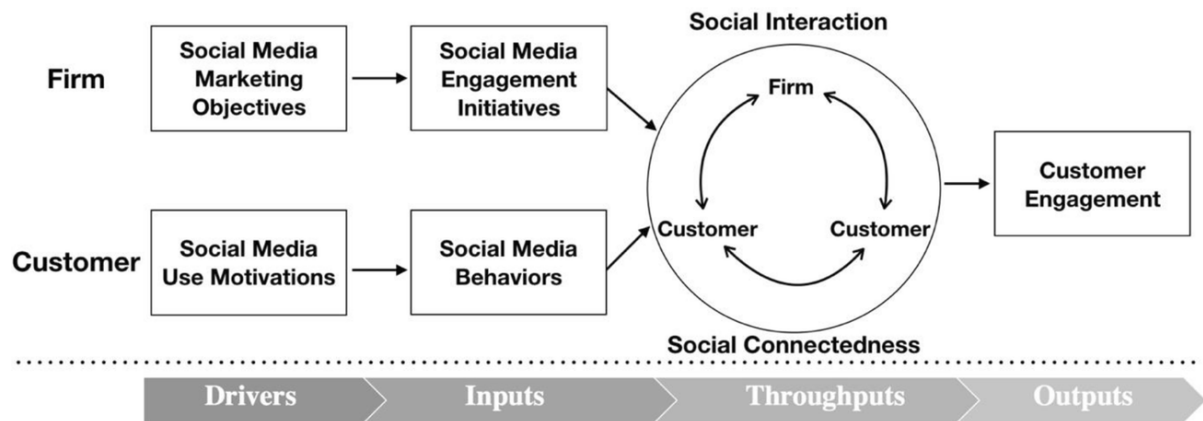
The fourth stage is making the purchase decision by consumers. Marketing and building brand awareness through social platforms highly influence this behaviour. In addition, businesses provide direct options to purchase using social channels only. Direct purchases through social platforms have some perceived risks for consumers. They lack trust in companies, although companies can provide options, such as cash on delivery and an easy refund policy to build trust among buyers, specifically by using social media channels and promoting good feedback from consumers. Lastly, the post-purchase behavior of consumers can also be facilitated by marketing through social media channels. Customer satisfaction or dissatisfaction can be evaluated using the social media review process. This process is an important tool for marketing (Sam & Chatwin, 2015). The immediate and honest opinion of customers can be analysed using social media platforms. This method is an inexpensive means of receiving customer reviews, the market value of the product nowadays depend on likes and feedback they receive. COVID-19 policies and government regulation to mitigate the effects have generally affected decision-making, and social media has emerged as an important marketing tool during the pandemic.

PROCESS OF DEVELOPING SMM STRATEGIES

The process of developing SMM was considered vital for SMEs during the pandemic. SMM strategies for SMEs would motivate and empower customers and businesses. This situation can be conceptualized using *customer engagement theory* (Li, Larimo, & Leonidou, 2021). The theory suggests that firms have to take the necessary action to empower customers and increase their engagement, thereby resulting in superior marketing. That is, the theory elaborates that understanding customer motivation will facilitate the development of SMM. Customer engagement value is divided into four distinguishing dimensions: customer engagement, customer influence, referral, and customer knowledge values (Ismagilova & Huges, 2021).

The process of developing SMM based on theory of consumer engagement involves four components: drivers, inputs, throughputs, and outputs (Harmeling, Arnold, & Carlson, Toward a theory of customer engagement marketing, 2017). The first and foremost *drivers* for developing SMM are firms' SMM objective and motivation of consumers to use social media platforms. *Inputs* required are firms' engagement in social media initiatives and behaviour of customers on social media (Appel, Hadi, & Stephen, The future of social media in marketing, 2020). *Throughputs* enable firms to connect and develop interaction with customers to fulfil customer needs and exchange resources as a consequence. Lastly, *output* determines the results of customer engagement practices.

FIGURE 2. Conceptualization of the process of developing SMM strategies



Source: (Li, Larimo, & Leonidou, 2021)

Customer motivation should be understood in the development of effective SMM strategies, given that motivation is the outcome of different attachments and attitudes that can influence individuals' social media behaviour. Customer engagement theory involves four interlocked factors that can develop effective SMMS. Firms' marketing objectives on social media can be differentiating, and the proactive objective can generate online income, increase sales, and create brand awareness (Aral & Walker, 2014). The reactive objective can be monitoring customer activities through their feedback and trend analysis. The second driver is customers' motivation to use social media. The incentive that enables individuals to use specific social media define their motivation. *Gratification theory* can be used to understand this motivation. This theory indicates that customers often engage in social media platforms to fulfil their social and psychological needs (Ahad & Anshari, 2017). For social media, utility, social interaction, information, and entertainment purpose attract consumers toward the platform.

Inputs in the process are required for firms' engagement initiatives and customers' behaviour on social media. Firms are required to build an effective marketing strategy initiatives to motivate and engage the target customers, thereby enabling firms to receive voluntary contributions in return (Harmeling, Moffett, & Carlson, Toward a theory of customer engagement marketing, 2017). *Resource dependency theory* can be used to theoretically explain the need of firms' actions. Firms' initiative to engage customers can be doing multi-sensory events or by providing structured tasks, such as writing reviews.

Engagement initiatives of firms are a continuous process and can be done by monetary rewards and providing significant customer service. Customer engagement on social media can be either active or passive, and behaviour can be positive or negative. The use of social media by customers affects the process of developing SMM. Moreover, the behaviour can be categorized into three groups: consuming, contributing, and creating. For example, reading brands' posts is consuming behaviour, providing rating is contributing behaviour, and posting brand-related content is creating aspect.

The next factor contributing to the process of developing a marketing strategy on social media is *throughputs*. In the social media context, social interactions can be developed to generate sound relationships with customers through active interaction over the platform. This situation has a beneficial impact on the interacting parties (Voorveld, 2018). Social connectedness can be used as a comprehensive approach to develop and grow over the web market. Social connectedness implies connections or followers over platforms that can be used for marketing. The strength and number of connections can be influential in the promotion of products or services (Paquette, 2013). For example, the promotion of a product through influential personality can boost social connectedness, and the referral program through social media can promote growth is done through strong ties.

Outcome or output of the interconnected process is expressed through *customer engagement*. Firm–customer interaction and building strong connections through social media and be the firm/customer initiative build firms’ position in the market. Customer engagement can be low or high level (Lockett, 2018). For example, low-level engagement implies merely liking posts, but high-level connectedness implies reviewing the product and co-creation. Social media acts as a tool if used effectively and efficiently, and enable businesses to reach new heights in negligible or low finance.

LIMITATIONS OF THE MARKETING STRATEGY

Although social media has emerged as a tool for business expansion and growth, it has boundaries and limitations as well. Privacy concerns are the major limiting element for the growth of online businesses. That is, consumers are unable to trust the emerging marketing over the Internet and the privacy concern, stories of fraud had depleted the trust of consumers over the online market. Consumer brands and SMEs are shifting toward the new source but the legal and ethical viability of businesses remain unregulated (Beigi & Liu, 2020). The trust concern of customers and privacy policy are major issues. Data privacy concerns are evident because such companies as Facebook share customer data with big brands for showing customized ads, thereby influencing consumer behaviour. This situation poses an ethical issue. Personalization techniques erode the trust of individuals because they are concerned with their privacy (Lynch & Barret, 2020). Owing to privacy concerns, consumers’ perspective toward brands and social platform becomes negative.

The young informed population is refraining from using some social media platforms owing to privacy concerns. Studies have shown that 40% of the digitally connected individuals restrict the use of apps or delete the app at least once owing to privacy concerns (Appel, Hadi, & Stephen, The future of social media in marketing, 2020). Given that social media acted as an important tool during the COVID-19 pandemic, it had provided entertainment and business growth for many. Negative effects can be addressed to positively promote the use of social media for marketing purposes. Three major factors that can be considered to regain the customer trust over the online platform are the safety of personal information, ensuring information security, and protection against fraud. Brands need to provide a transparent policy for the protection of customer rights based on legal and ethical principles (Lynch & Barret, 2020).

CONCLUSION

The COVID-19 pandemic had a lasting impact on the functioning of consumer marketing behaviour. The marketing scenario changed the industries shut down due to consumer behaviour changes. Significant changes in consumers' consumption and production behaviour were observed to be restored to fulfilling essential needs, and demand for other industries went declining. SMEs were adversely affected due to the pandemic, and the need arose to change their marketing practices. GDP declined and consumer spending had seen negative growth in industries, such as beauty and personal care, apparel, and footwear. As a result, the companies have to adapt to rapidly changing market scenarios to sustain and grow in the globalized marketplace.

The emergence of SMM has led to sweeping changes in the study of marketing and management studies. Social media has emerged as a tool to promote the product and help in customer engagement to reach out to a wider customer base. The effective use of social media as a marketing tool through social media ads and influence marketing generated

over the recent past. Consumers' buying behaviour is affected due to the influence of social media on consumer decision-making. This situation is analysed through the study of a consumer decision model. The development of an effective social media strategy will facilitate the growth of businesses. SMM aims to build an effective strategy to engage the customer and build social connectedness among the firm and the consumer. Firms' objectives and consumers' motivation to use social media are part of the first stage toward building long-term customer and business relationships. Lastly, marketing strategies through social media have some limitations that bar them from covering a large customer base. Concerns about privacy issues and fraud build trust between businesses and consumers.

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