

TRANSFORMATION OF MARKETING IN WARTIME AND POSTWAR

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Abstract. The study is relevant to the current global trends of business environment turbulence and marketing transformation under the influence of the war in Ukraine. The *purpose* of the article is to identify the reasons for the transformation of marketing under the influence of the war in Ukraine related to various aspects of the problems of marketing activities of business companies that lead to this, and to develop recommendations for improving marketing policy and improving the prospects for business profitability. The novelty of the study lies in the creation of a theoretical model of marketing transformation in the context of turbulence in the business environment. The *object* of the scientific research is determined as marketing activities of Ukrainian business representatives during the war. The research *methodology* includes such methods: comparative analysis, critical analysis, descriptive analysis, statistical analysis. The study is based on the results of a sociological survey of business representatives in Ukraine. The study's limitations are that the data collection period covers September-October 2022 during the war in Ukraine. The obtained results confirmed the authors' hypothesis H₁ that Ukrainian businesses use the limited marketing toolkit in times of war that worsens perspectives of marketing transformation in the direction of income growth; H₂ – relocation has not really become the driver of marketing transformation in the war-time period as majority of businesses has not realized it in general; H₃ – one more problematic zone of marketing activity in the war-time period is the ability of work with clients, which is not well used by the majority of surveyed Ukrainian businesses; and H₄ – the main problem for business not only the war itself, but the absence of effective marketing strategy in general. The *practical value* of the research for the young scientists' community is in the use of the model of marketing transformation and the practical research results in changing the marketing identity of business entities, which gives the opportunity to improve marketing strategy and the company's profitability. The possible directions of the research development are studying of the correlations of marketing with other elements of business activity and their impact on post-war business recovery.

Key words: marketing, transformation, war and post-war times, business environment, turbulence.

JEL Classification: M31

1. Introduction

The growing turbulence of the macro environment is occurring at the intersection of two powerful factors, such as COVID-19 and Russia's war against Ukraine. The first of them significantly transformed marketing in the pre-war years of 2020–2021, but is now gradually losing its power of influence. Its main consequences are the accelerated transition of consumption from offline to online and the reassessment of end users' priorities (Hoekstra, Leeftang, 2020). However, the second factor of the war is already in full swing and is forcing companies around the world to adjust their marketing activities.

At the same time, the transformation of marketing is more intense.

Any turbulence in an enterprise's macro environment has such characteristic features as unpredictability, uncertainty, volatility, complexity, and the presence of constant change. In particular, this is confirmed in their studies by Murphy & Seriki (2021), Wang, Chen, Fang (2021), Whittington and co-authors (2017), Grant (2003), etc.

At this time, entrepreneurs are remembering the need to apply a meaningful, aggressive, and effective marketing policy. Classically, the need for marketing arose due to overproduction and, consequently, the

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supply of similar products in competitive markets. However, it is important to understand that any shocks that arise in the macro environment lead to the main business problem, which is the limitation of solvent market demand in terms of quantity and value. As a result, companies face problems with sales, margins and profits, on the one hand, and aggressive actions of competitors with a limited market size, on the other. In this case, the consumer has many alternatives at the best price, and thus has absolute power over the seller.

Research question: The war in Ukraine has caused a large-scale humanitarian crisis: more than 12 million people have been forced to flee their homes, and more than 13 million are in need of urgent humanitarian assistance (Guenette, Kenworthy, Wheeler, 2022). Growing economic uncertainty has a negative impact on business, reducing the willingness to invest and implement new technologies.

In the process of communicating with entrepreneurs, during MBA and postgraduate programs, there are different opinions about the transformation and effectiveness of marketing in wartime, and therefore, to confirm the authors' hypotheses, it became necessary to conduct a comprehensive study of the behavior of enterprises in wartime. In this study, the authors try to address the following research questions: "How did the war affect the transformation of marketing in Ukraine? What are the ways of marketing development in wartime and post-war Ukraine?"

2. Theoretical basis

Today, the consequences of Russia's military aggression against Ukraine are being felt all over the world, acting as a powerful factor in the turbulence of the external environment. In particular, there is a significant increase in uncertainty. Thus, researchers note (Korneyev et al., 2022) such problematic issues faced by business in wartime as: change of market segments, change of target audience, search for opportunities to enter foreign markets, cost growth, staff reduction, etc. The solution of all these problems requires a serious transformation of marketing.

Other scientists in their studies (Prohorovs, 2022) emphasize that the consequences of the war in Ukraine for European business are two serious problems that lead to a decrease in profits: a decrease in sales and margins, which in turn leads to a drop in profitability, and on the other hand – an increase in costs.

Such direction of marketing as brand management in conditions of turbulence is considered by L. Rego and co-authors (Rego et al, 2020) as an adaptive process, which has such characteristics as surrounding turbulence (or resistance), a new equilibrium

(or recovery) and reinvention through changes in new areas. They can be applied by businesses in the marketing transformation process in war and post-war times as they need to find effective instruments to deal successfully with environmental turbulence, which requires marketing transformation.

The concept of marketing transformation is important for this study. Separately, the term "marketing" and its evolutionary stages have already been studied by the authors in previous studies (Savych, Shkoda, 2020). Therefore, here is the focus on the essence of the term "transformation" and its connection with marketing.

In economic sciences, transformation is considered mainly as a qualitative change in the economic system (Pochenchuk, 2014), a change of something, a transformation of the system of different scale, depth, direction caused by internal or external factors (Toffler, 2000; Hrazhevska, 2011). Therefore, when interpreting the transformation of marketing, it is assumed that before the start of the transformation process caused by the war, business companies already had a certain established marketing identity and acted in this plane. That is why the marketing transformation itself begins in full from the moment when a business realizes the need to change something due to the inconsistency of its business goals with the requirements of a turbulent environment. At the same time, owners and management of business companies take an active role in the process of marketing transformation.

The *problem* that drives this research was identified as the serious challenges to doing business due to the war in Ukraine, which leads to a significant transformation of marketing and adjustments in marketing strategy and policy.

In this regard, it is important to diagnose the problems in the practice of marketing activities of Ukrainian business representatives in connection with Russia's military aggression by identifying the causes of marketing transformation and developing recommendations for improving marketing policy and increasing the future profitability of doing business.

The *subject* of the study is the level of marketing activity of Ukrainian business representatives in the conditions of war and its dependence on such factors as: adaptation of strategic and tactical goals of the enterprise, new needs and potential markets, reorientation to basic needs, universal human values, the possibility of exporting or internationalizing the enterprise's activities in foreign markets, etc.

The theoretical model of the subject of research is based on the theoretical and methodological provisions of the concept of consolidation of marketing efforts (Savych, Shkoda, 2020) and the model of marketing transformation proposed in this paper.

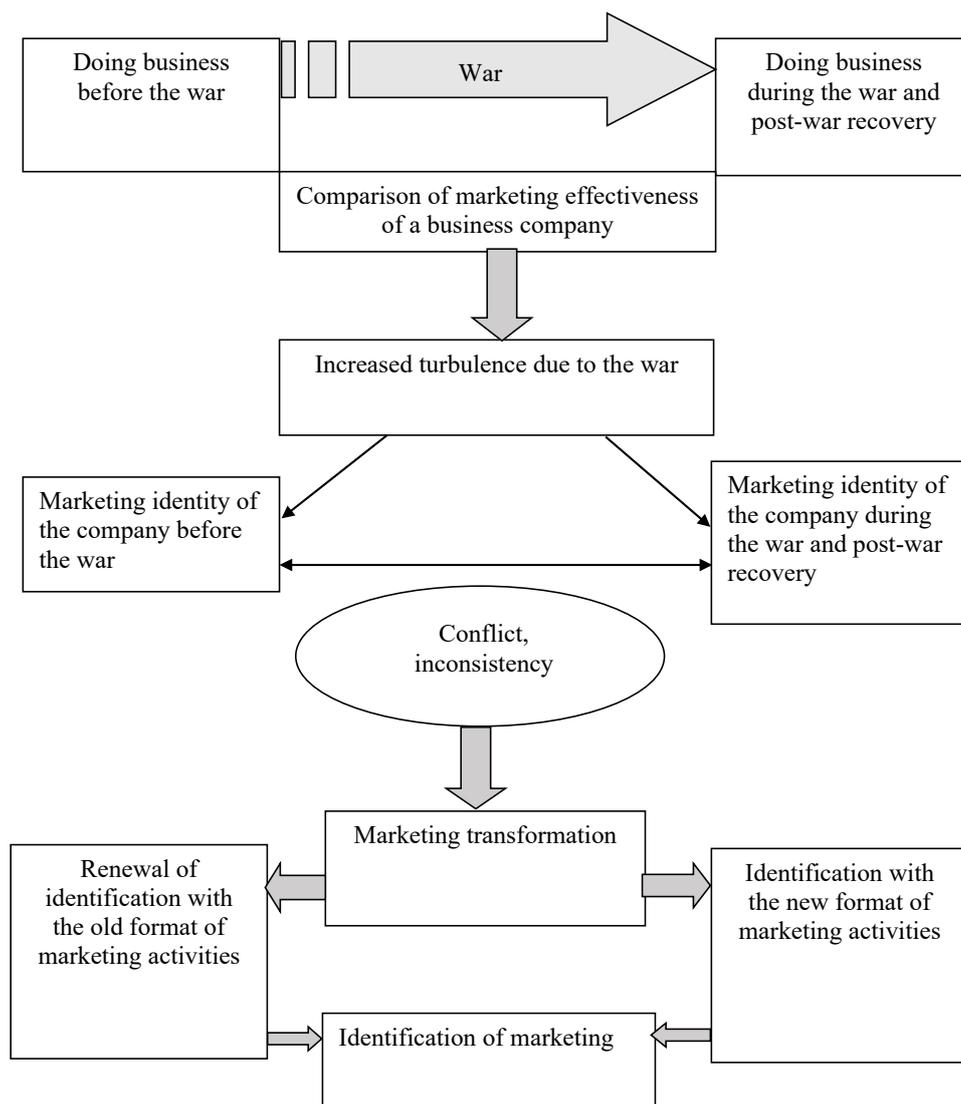


Figure 1. Model of marketing transformation

Source: created by the authors on the basis of (Hubeladze, 2013)

In accordance with the formulated problem of the presence of serious challenges for doing business because of the war in Ukraine significantly affects the transformation of *marketing*, the following hypotheses are put forward:

- H₁ – representatives of business in Ukraine in wartime use limited marketing tools, which worsens the prospects of its transformation in the direction of profitability growth;
- H₂ – business relocation is not a serious factor in the revival of marketing activity during the war;
- H₃ – the ability to work with the loyalty of existing customers and attract new customers is a problem area of business marketing activities in wartime;
- H₄ – the cause of business problems in wartime is seen as the war itself, and the problem is the lack of an effective marketing strategy.

3. Methods

The next stage of the research was the formation of a sample. Based on the defined research object, the authors formed the general population. Thus, the general population includes representatives of business in Ukraine who belong to the category of students of accredited MBA programs or students of postgraduate business education programs. The age of such potential respondents is proposed to be determined by a separate question, dividing them into the following categories: under the age of 30, 30-40, 40-50, 50-60, and over 60.

Such students are employees and owners of business companies in Ukraine and improve their theoretical knowledge in the field of business by studying at MBA and postgraduate programs. At this stage of their professional development, they need

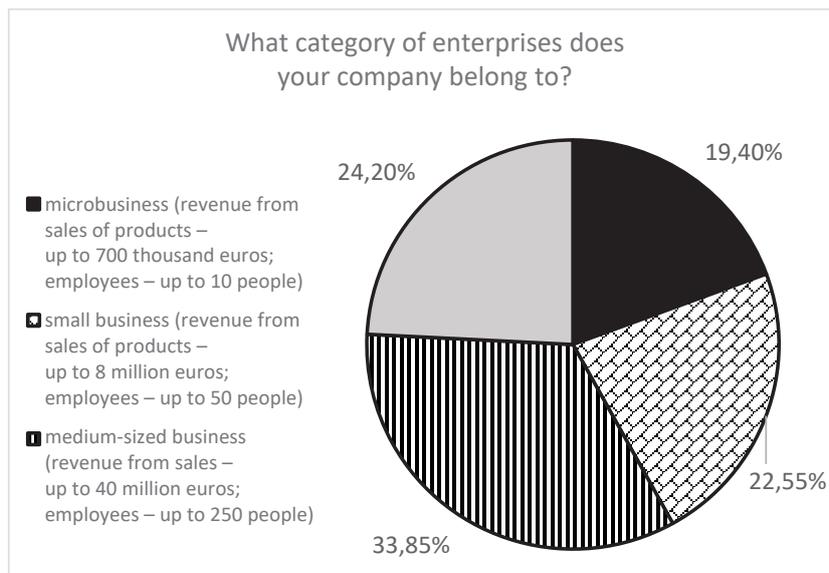


Figure 2. Categories of enterprises the representatives of which were survey respondents

Source: calculated by the authors

to formalize their practical business experience in a more sophisticated form, which will facilitate the further successful commercialization of their knowledge, skills and abilities.

To determine the size of the general population (N), consider the data on the number of business representatives who should be involved in such a survey, based on the number of business entities in Ukraine as of January 01, 2022, which, according to the State Statistics Service of Ukraine, amounted to 1956320 enterprises (SSSU, 2022).

Given the specifics of the justification for the size of the population and the relative homogeneity of the population units, the authors chose a stratified, random sample type. Strata are categories of enterprises in accordance with Article 2 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" (Parliament of Ukraine, 1999). As can be seen from Figure 2, the respondents surveyed were relatively evenly distributed across the relevant categories.

Calculating the size of a random sample requires determining the desired accuracy of the estimate, the risk of the response, and the degree of its variability. The accuracy of the estimate is traditionally taken at 5%, and the risk value is 0.95 (Dvoretzka, 2022).

The reliability of the sample survey according to K. Mikhajleva can be as follows (Mihajleva, 2016):

1. Increased reliability (sampling error is up to 3%).
2. Normal reliability – from 3 to 10%.
3. Approximate reliability (sampling error 10-20%).
4. Estimated reliability – from 20 to 40%.
5. Approximate reliability – more than 40%.

Within the framework of this scientific research, the authors substantiate the expediency of ensuring the *normal reliability* of a sample study, in which an error of 3-10% is allowed.

The sample calculator of the Laboratory of Sociological Research of VNTU (LSR VNTU, 2022) was used to calculate the sample size. The calculation of the required sample size for a population size of N = 1956320 enterprises and 5% accuracy is presented in Table 1.

Table 1

Calculation of the required sample size for N = 1956320 enterprises and 5% accuracy

Determining the sample size	
Confidence probability	95%
Confidence interval	±5%
General population	1956320
Required sample size	384

Source: calculated by the authors using the sample calculator (LSR VNTU, 2022)

Further, it is considered sufficient and expedient to ensure 5% accuracy of the study based on the recommendations of K. Mikhajleva (Mikhajleva, 2016) to ensure the reliability of the sample study and taking into account the limited resources.

The survey was conducted in September-November 2022 among MBA students and graduate students of business programs who are employees or business owners in Ukraine. The number of respondents surveyed was 392 business representatives, which meets the requirements for the number of respondents with a margin of error of 5%.

The questionnaires were filled out online due to the need to ensure the safety of respondents in connection with the war.

4. Results

The study revealed a number of marketing problems that slow down or stop the development and economic activity of enterprises. In particular, most enterprises start thinking about marketing when things are already bad, which is manifested in a sharp decline in sales. 72% of respondents believe that marketing is about communication and product promotion, while 65% of respondents believe that marketing strategy development is the task of the marketing department, and 45% of business owners and managers consider marketing to be a declarative and impractical activity.

The size of the own market is unknown to 92% of respondents, and only 26% believe that their target market has decreased. As shown in Figure 3, 83% have felt the impact of the war on their consumption markets.

Marketing strategy is absent from 74% of entrepreneurs, and 80% of them have not approved it in writing. The question arises whether all employees of the company are aware of it.

Figure 4 shows the results of respondents' answers to the question "Is the adaptation of strategic and operational goals of the enterprise appropriate?"

As can be seen from Figure 4, 47% of enterprises have not adapted their goals to wartime conditions, and 18% do not have them at all. This, according to the authors, negatively affects the resilience of enterprises in wartime and their ability to quickly adapt to the new realities of doing business. In addition, 75% of respondents do not use business

environment analytics based on clear data, while 45% of enterprises do not have a clear understanding of the focus customer, and 52% do not have segmentation.

Also, companies make little use of such relationship marketing tools as loyalty programs – 81% of companies do not have a systematic loyalty program. This is also confirmed by the answer to the question about the availability of a complaints department, which is absent at 85% of enterprises, and 64% of managers believe that their employees should work with problem customers and do not want to be involved in the negative. The results confirm the author's hypothesis H3 that the ability to work with the loyalty of existing customers and attract new customers is a problem area of business marketing activities in wartime.

The war has put new demands on the way businesses trade, but as Figure 5 shows, only 34% of businesses intend to switch to purely online trading.

52% of companies do not consider internationalization of operations. This result is almost completely in line with the Business Needs and Conditions Survey in Ukraine (Diia.Business, 2022), which states that 59.8% of business representatives surveyed said that their business is focused on the domestic market.

Marketing tools for working with price are limited. Only 29% of executives are willing to consider raising prices.

One of the main indicators that indicates the effective implementation of marketing activities is the percentage of repeat purchases. According to the survey results, 51% of companies do not make repeat purchases (Figure 6), and the frequency of purchases has decreased in 66% of companies.



Figure 3. Answers of respondents to the question "Is the impact of war risks on consumption markets strong?"

Source: calculated by the authors

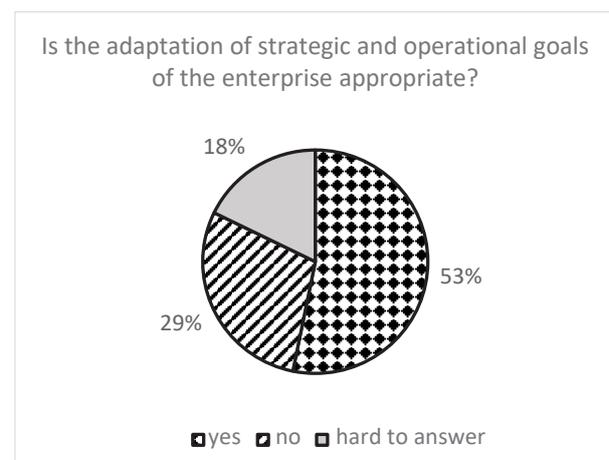


Figure 4. Answers of respondents to the question "Is the adaptation of strategic and operational goals of the enterprise appropriate?"

Source: calculated by the authors

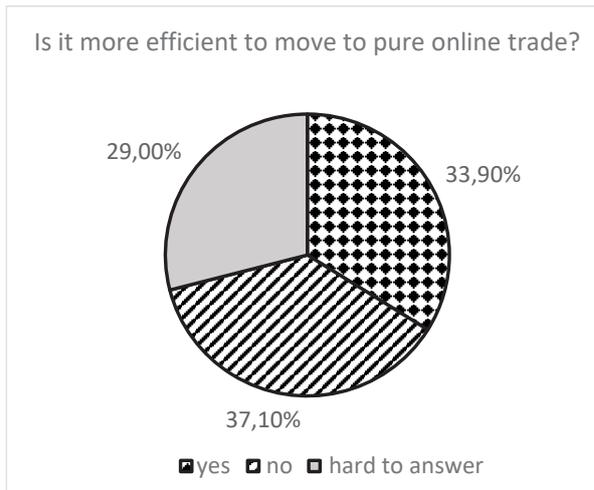


Figure 5. Answers of respondents to the question "Is it more efficient to move to pure online trade?"

Source: calculated by the authors

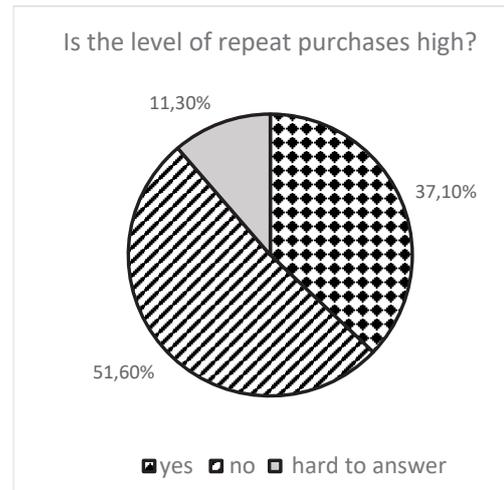


Figure 6. Answers of respondents to the question "Is the level of repeat purchases high?"

Source: calculated by the authors

Part of the decline in repeat purchases may be due to customer relocation, which affected 52% of companies, but 49% of companies do not target their offer by customer location. At the same time, 62.9% of the surveyed companies did not relocate their business. This result also correlates with the data of the study of the state and needs of business in Ukraine (Diiia.Business, 2022), which states that 79.3% of the surveyed business representatives stated that business relocation was not carried out. In general, the results confirm the author's hypothesis H₂ that business relocation does not act as a serious driver of revitalization of business marketing activity during the war.

77% of business representatives believe that their customers' consumption in wartime has shifted to the segment of essential goods, energy and security. Accordingly, businesses should take this into account when transforming their marketing activities under the influence of the war. 27% see essential goods and services as a promising business area, 19% – work with government orders, 13% – infrastructure reconstruction.

The majority of businesses believe that rational behavior prevails over emotional behavior by a ratio of 60% to 21%. The value proposition of the company is either absent or has become weaker in wartime at 62% of enterprises.

50% of companies have felt the aggressive influence of competitors since the beginning of the war (Figure 7), but only 14% of respondents are looking for new needs, 24% are attracting new customers, and 29% are adapting to new customer behavior. 61% of companies have not studied new needs and potential markets. At the same time, 72% of companies are assessing reputational risks and have adapted their activities to avoid them. All this confirms the author's hypothesis H₁ about the limited use of marketing tools in wartime.

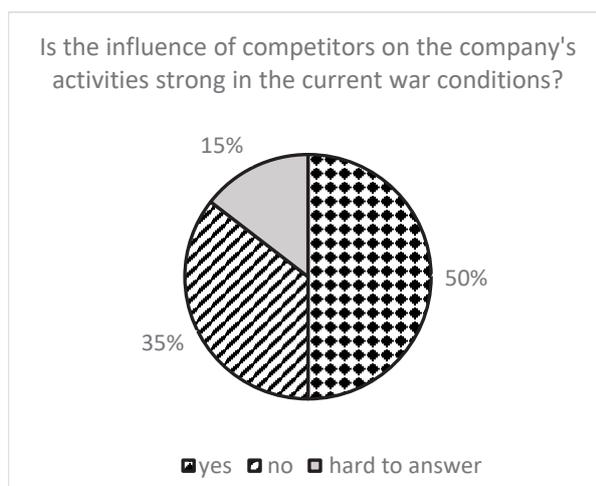


Figure 7. Answers of respondents to the question "Is the influence of competitors on the company's activities strong in the current war conditions?"

Source: calculated by the authors

5. Conclusions

According to the authors, marketing tools, techniques, and methodologies have not changed, but in order to have an effect, they must be used constantly, aggressively, and long before problems arise. Now, taking into account all the changes, it has been determined that the main problem is the reduction in effective demand, and therefore there is little room for "competing sharks" to hunt for

customers aggressively, using the simplest element of marketing – price. A marketing strategy is a set of actions in which price is only one of many small elements. But all the other elements of marketing strategy are hardly used by most companies: planning, analytics, identifying strengths, building a value proposition and unique competitive advantage, consumer knowledge, and STP.

A marketing strategy is not a goal, mission, or positioning; it consists of several dozen elements. Are all businesses like this?

Any action in marketing should be aimed at the consumer, so it is necessary to know the consumer perfectly. This is one of the main mistakes of companies that build their marketing strategies without knowing and identifying the target consumer and his or her motives for making a purchase from us rather than a competitor. In 52% of companies, consumers have moved away from traditional locations. Why not intensify activities in the western regions of Ukraine and the nearest European countries, including Poland?

In an era of macro risks and demand constraints, when market volumes are declining, maximizing conversion at every stage of the sales funnel is at the forefront. The market is still limited, and conversion can be increased endlessly. Therefore, people in marketing and sales are the main asset and source of success. And this resource should not be skimmed on even in difficult times.

The absence of a systematic loyalty program is a negative characteristic for most businesses, and the word "systematic" is the most important here, meaning prescribed, with clear rules and conditions. After all, the main customers are current customers who already know about the company, buy and forgive its mistakes. And when the focus shifts away from them, they go to competitors, because they are constantly "hunting" for a client.

Naturally, in wartime, it is necessary to think about reducing the risks of dependence on a particular territory, and this can be done through online trading and access to international markets.

Yes, in difficult times, consumers become poorer, but they are willing to pay for the value they receive, and if the value for the customer is high, one can always raise prices and sell more expensive, but if there is no value, the lowest price will be unreasonably high for the buyer.

The brand still matters and needs to be built constantly, despite the rationality of consumer behavior, which cannot be dismissed either. But in difficult times, an established brand will help a company.

Managers and staff consider the war to be the main reason for failures and unsuccessful marketing actions, but looking at the results of the survey, it is clear that the war is only an excuse for failures that occurred due to the lack of a marketing strategy in companies or its ineffectiveness. In general, the results confirm the authors' hypothesis H₄ that the cause of business problems in wartime is not only the war itself, but the essence of the problem lies in the lack of an effective marketing strategy.

Marketing has to work twenty-four hours a day, and it has no days off. Moreover, even in wartime and post-war times, the main goal of marketing does not change, because it is a growth hormone.

In addition, it is worth noting that marketing begins with the first person in the company – its owner. After all, it is the owner who must realize his or her most important function in the form of determining and shaping the marketing strategic vector of the company's development.

Author contributions: Tetiana Shkoda prepared Theoretical Background, Methods and Conclusion, Oleksandr Savych performed Introduction, Results, processed the survey data.

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