Marketing in Recession

- How have Swedish firms in the consumer discretionary sector reacted to the current recession?

Bachelor thesis in Business Administration, 15 credits

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Abstract

As the world has become more and more integrated the risks of recessions having a more devastating effect increases. The current recession, 2007-2012, in the world has had a great negative effect on firms around the globe. It all started out in the U.S. but it quickly spread to Europe and Sweden, and it did not take long after that until firms started to go on the defensive. This defensive approach combined with the situation around the globe led to an increased unemployment in Sweden. In this thesis we are going to look into how the recession has affected the consumer discretionary sector in the country and what kind of strategies the firms have chosen to survive, or maybe even to gain from it. The reason to why have chosen this sector is because it has come to our knowledge that this sector is most affected during a recession. We have interviewed three firms that are selling home appliances to find out their strategies during this recession and how the outcome has been for them. With this background we have come up with the question: “How have Swedish firms in the consumer discretionary sector reacted to the current recession?” The purpose with our research is to find out if these firms are reacting in the way as it is recommended to react during a recession to survive and come out stronger. Our findings from these three interviews shows that these firms all have done rather well during this recession and the way they have done is both through strategies from existing theories and modified strategies created by themselves.

Key words: Strategy, Marketing, Marketing Mix, and Recession
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1. Introduction

In this part of the thesis, the background, research problem, purpose, research question, limitations and an outline of the thesis is presented.

1.1 Background

The world has become a very integrated place during the past decades and this still an ongoing development of integration between countries and continents have contributed with benefits in several different ways to the world’s population. Through this increased level of integration, world-markets have become more accessible than ever before in history and this presents an opportunity for firms to internationalise themselves and reach out for more potential customers than they ever could by only operating in their own domestic market (Dagens Industri, 2012). This new opportunity in market access does also results in tremendously increased competition both on the international stage and the domestic and the pressure to be efficient in order to survive has never been higher for firms. A central aspect of a firm’s objectives in a very competitive environment will be to differentiate them and improve their brand; this objective is possible to gain through investments on various sorts of marketing communications (Porter, 1996). As of the hard competition was not enough to deal with for the firms, there is currently a worldwide economic instability today that started out from the financial crisis in 2008 and has forced many firms around the world into liquidation. Sweden as a country has not been as struck as other countries by the recession and its aftermath even if the country did experience some dips in the GDP they managed to recover quickly (SCB, 2011). The situation today is not as good as it was before the start of the financial crisis, but it is not as bad as it was after the start either (ibid). Even if Sweden is an export dependent country and the majority of the export going to the countries within the European Union they have managed to make it quite well. A reason for this is that some of those countries that Sweden is exporting to are very dependent on their import from Sweden, another reason is that other countries has not been that affected by the recession (SCB, 2011). Even if the country as whole has not been as struck by the recession many firms has been forced into liquidation and that has resulted into a high unemployment rate in Sweden (Arbetsförmedlingen, 2012). The uncertainty of not knowing when the next paycheck is
coming has led to an increase in public savings and a reduction in spending. This is a natural effect of a recession according to Kotler and Gaslione (2009). This change in turn leads to a decreased demand for services, products and raw material. When firms are experiencing these kinds of changes in demand they have to take action in order to survive, and one of the first changes that they make is to make cuts in their marketing spending (Kotler and Gaslione, 2009). However we have found that there is a different way to go in order for a firm to survive the recession better and come out of it in a stronger position that the one they went in with, and that is to do quite the opposite than they are used to. According to Srinivasan et al., (2005); Roberts (2003); Gifford (2008) and etc. instead of decrease the marketing spending during a recession firms should instead increase their spending because that is an investment in future sales.

1.2 Research problem

Before and during difficult financial times such as the current economic turbulence that we presently are experiencing through the Euro crisis, many firms are planning how to change their strategy so that it benefits the firm’s objectives efficiently. One of the traditional measures is to cut the marketing budget since it is not seen as a direct profit generator, but more as an expense. (Köksal & Özgünl, 2007; Kotler, 2003). According to Arens et al. (2008), Gifford (2008), Piercy (1983), Roberts (2003), Srinivasan et al. (2005) etc. a reduction of spending in the marketing budget during a recession by a firm may not be the right way to go, instead they propose that firms should do the exact opposite, and invest more on marketing, if they want to come out stronger from a recession and increase the possibility to steal market share from competitors.

To reduce the marketing budget during a recession is seen as a short-term plan and some argue that is the wrong way to go, what firms should know is that marketing costs are investment in future sale revenues (Arens et al., 2008). According to a study based on the PIMS (Profit Impact of Market Strategy) database show those firms that increased their marketing spending during a recession were not significantly less profitable during recession than those who chose to decrease their spending, but they tended to recover faster after the recession (Roberts, 2003). According to Kotler (2003), many firms base their marketing budget on expected revenues, but that does not make any sense according to him since a firm cannot predict what revenues to expect just by setting the marketing budget.
With this background we want to find out if the firms in Sweden also see a recession as an opportunity for taking market shares from their competitors and to increase their sales revenues or not. We will also look briefly into if Sweden’s dependence on exporting plays a major role in the strategy of the firms or not.

1.3 Research question
How have Swedish firms in the consumer discretionary sector reacted to the current recession?

1.4 Purpose
The purpose of this thesis is to investigate how firms in the consumer discretionary sector have reacted to the current recession. Since the discretionary sector is claimed by theories to be struck hard by recession it will be interesting to see how they are strategically planning to avoid the worst.

1.5 Limitations
According to Storwall (2008) a sector that is more negatively affected by a recession than other sectors is the consumer discretionary sector. With consumer discretionary sector we mean home appliances and electronics e.g. refrigerators, ovens, vacuum cleaners and etc. The reason for this is that consumers do not want to borrow money and put themselves in debt to spend and not be sure whether they can afford to pay back the money. We have interviewed three Swedish and Swedish-based firms within this sector for this thesis.

1.6 Outline
Chapter 1 ---- Introduction
Chapter 2 ---- Research Method
Chapter 3 ---- Theoretical Framework
Chapter 4 ---- Empirical method
Chapter 5 ---- Empirical findings & Analysis

Chapter 6 ---- Conclusions
2. Research method

The second chapter of the thesis presents the methods used in the study. In this chapter we present the research philosophy, research approach, research strategy and data collection.

Figure 1: Research Process “Onion” (Saunders et al., 2009, p. 108)

2.1 Introduction

Figure 1 above has been illustrated by Saunders et al. (2009) that shows the different stages of a research, and the authors has chosen to compare it with an onion that also has layers. The figure shows the different stages in a research process and as one layer is peeled off you move on to the next stage. The stages of the research onion are: philosophy, approaches, strategies, time-horizons and data collection methods. Here it can be seen that the first step is the research philosophy and finally data collection methods. We are going to use a similar structure in our thesis.
2.2 Research philosophy

The research philosophy is divided into four different philosophies, and these are: positivism, realism, interpretivism and pragmatism (Saunders et al., 2009). With positivism the researcher base its work on social reality and the result that one gets from it can be law-like generalizations. The researcher, within this philosophy, uses already existing theories to develop own hypotheses that will be tested and then either confirmed or refuted. Realism has some similarities with the positivism in the sense that both assume a scientific approach to the development of knowledge. The realism philosophy claims that the world as our senses shows us, as reality is the truth. Realism also includes an existence of reality independent of the human mind. This research philosophy is divided into two different forms by Saunders et al., (2009), and these are a direct realism and a critical realism. The first form of realism, direct realism, says that the world we experience through our senses portrays the world accurately. What we see is what we get in other words. The other form, critical realism, argues that what we experience are sensations, the images of the things in the real world, and not the things directly. Our senses often deceive us and that is what the critical realism is pointing out (ibid).

The interpretivistic philosophy argues that the positivistic approach is not complete since the social world of business and management is too complex to define with “law-like” generalizations. Interpretivism advocates that it is important for the researcher to understand the differences between humans in our role as social actors. There has to be a difference between a research done among people rather than objects, e.g. trucks and computers. ‘Social actors’ is a term that is significant here. Pragmatism argues that a research philosophy should be chosen based on the research question and that it is not always that clear to choose a philosophy based on the research question. It is when the research question is clear that this philosophy can be chosen (ibid).

This thesis will follow a positivistic research philosophy. We are going to base our hypotheses on already existing theories, but due to our limitations we know that our final results cannot be generalized.

2.3 Research approach
A research approach can be done in two ways, the deductive and the inductive approach. With the deductive approach one is using already existing theories and literatures to develop own hypotheses and new theories. This way one can build hypotheses based on existing theories and the data that is collected is used to test the hypotheses. The inductive approach is the opposite of the deductive approach. Here one starts with the data collection and then form own hypotheses and theories (Saunders et al., 2009).

We have decided to use the deductive approach in this thesis and the reason to this is that there are already existing theories in the area of marketing strategy that we have formed our own hypotheses on. The theories that already exist are pretty similar to ours but they are not made on the same geographical area as the one we are interested in. With the answers we get from our interviews with the firms we want to see if they support our hypotheses or not.

2.4 Research Strategy

According to Saunders et al. (2009) there are seven different research strategies and they are all applicable in the all of the research designs, which were mentioned in previous paragraph. For those who want further reading, all the different strategies are to be found in Saunders et al. (2009). This thesis will implement a research strategy, which according to Yin (2003) is often suitable to question(s) that wants to answer in a nature of “how or why”. We are implementing the case study strategy on our thesis, this is because its ability to provide with a great understanding in the field of study. An advantage with the case study strategy is its possibility to provide with descriptive answers to questions (Saunders et al. 2009). Another reason for the selection of case study strategy is because there are various choices of data gathering techniques to choose

2.4.1 Time horizon

There are two different types of time horizons that exist, and they are cross-sectional and longitudinal. The cross-sectional study is more of a “snapshot” study since the research is done of a particular phenomenon at a particular time. Most research studies undertaken for academic courses are cross-sectional because they are often time constrained. The same goes for interviews since they are conducted over a short period of time. Longitudinal research
studies change and development, if the cross-sectional is like a “snapshot” studying the longitudinal is more like a diary. It does also trying to answer the question whether there has been any change, but it does it over a longer period (Saunders et al., 2009).

For this thesis we are going to use the cross-sectional study in our research since we are time constrained and are doing interviews with the firms about the changes that they are doing during this recession.

2.5 Data collection

According to Saunders et al. (2009), there are two ways of collecting data; the first one is primary data and the second one is secondary data. Primary data refers to new data being collected, while secondary is data is based on already existing data that is being re-analysed again.

This thesis will be using both primary and secondary research, we are going to use the theories from the scientific articles and then base our interviews on that.

The primary data that we use are collected through both standardised and semi-structured interviews as two of the firms agreed to do an interview by e-mail and the third agreed on an interview over telephone. With semi-structured interviews the questions are not standardised as we wish to get a more in-depth knowledge about the firms and their actions during a recession. We want to give the interviewee the opportunity to talk freely about their behaviour in relation to the topic area. The semi-structured interviews are commonly used in qualitative analysis, for example as a part of a case study (Saunders et al., 2009). It is common to leave out some questions when doing a semi-structured interview, but we did not do that because we wanted to get answers on all of our questions the first time and not to realize later on that we needed the answer on a question that we had left out. The interviews were conducted on the firms by telephone and since the firms and the authors are located in different parts of Sweden we did not have the opportunity to conduct them face-to-face. We were interested in the changes in the firms’ marketing strategy so we made sure that the persons we were interviewing were in charge of the marketing decisions at those firms.

Secondary research is information that has not been collected by the authors, it is information
that has been collected for other purpose and already exists in e.g. market reports, scientific articles, research organisations etc. (Saunders et al., 2009). There is a risk of complications with secondary data because it may have been collected for other purpose than ours, and it does therefore not agree with what we want to use it for (Jacobsen, 2002). Another risk could be whether the data can be trusted or not. It is therefore important to find out how big the sources credibility is. This can be done by looking at how the information was collected and by whom (ibid).

Our interviews were conducted in Swedish since the firms are all located in Sweden and because we felt that we would be able to get the most out of the interview if it was conducted in our mother tongue. The scientific articles that we have used are both in Swedish and English, and they were found on Google Scholar and different databases at the University of Lincoln.
3. Theoretical framework

The following is a literature review of relevant topics for the purpose of this thesis. The literature review starts with recession, marketing, marketing mix, marketing mix during recession followed by strategy and in the end we will present our model that we have created.

3.1 Recession

Research has proven that recessions greatly change an industry environment and cleans out companies that do not have the capacity to adapt to the current economy (Latham & Braun, 2011)

“Recessions seem as one of the most crucial environmental threat to an organization’s viability and continued profitability” - (Pearce and Michael, 2006 cited from Latham & Braun, 2011)

Economic dips, crises and recessions are just different words that stand for the same meaning, namely that the current economy is in turmoil (Goodell & Martin 1992). According to Lovelock (1997), a recession poses threats to most active businesses but some are more vulnerable than others. Firms in the service sector and in the consumer discretionary sector are those that take a big hit during a recession. The service sector for only being able to sell their services at the time, they cannot store them for later sales and the consumer discretionary sector because consumer tend to be shop more wisely and only buy what they need. Given that recession can be a time of rapid change, firms need to rethink their entire marketing strategy (Goodell & Martin 1992).

There are some predictable results that follow a recession (Goodell & Martin, 1992), customer circumstances changes that some can’t handle the recession while others get a stronger foothold. Customers also tend to be more price sensitive and non-loyal customers can easily become attracted to go to a competitor if they offer lower prices. If one is to engage in a price battle against a competitor, one must be cautious that it does not affect the customer's perception of what they receive from a purchase of the firms’ goods or services (ibid). There is also a change in the competition during a recession, if a firm has been in the industry for a long time, they might be prepared and are used to recessions and thus do well. (Hoadly et al. 2009)
3.2 Marketing – what is it?

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (American Marketing Association, 2007).

Marketing is something that exists in every kind of firm in our society and based on the size and type of the firm their marketing is different from other firms’. Marketing is the business function that deals the most with the customers; they are an essential component of a marketing system (Kotler et al., 2008). Now a day marketing is so much more than just advertising and sales, these are of course important too but they are just at the top of the iceberg (Kotler et al., 2008).

3.3 Marketing mix

The marketing mix describes the set of tools that management can use to influence sales. The traditional formulation is called the 4Ps – product, price, place, and promotion (Kotler, 2003; Kotler and Keller, 2006; Köksal and Özgül, 2007). The first P, product, is about developing the right product for the right market and it can be both a service and a physical product (McCarthy and Perreault, 1984). The second P, place, is about getting the developed product to the right market, i.e. the place. A product is not worth anything to the firm unless it is unavailable to the customers (Kotler et al., 2008). Third P is promotion and it includes advertising, personal selling, retail sales and etc. The purpose of promotion is to promote the product or service of the firm so that it attracts customers to them (ibid). The final P is price, and just like the other three Ps the price needs also to be right. If the price is too high the customers are going to buy it from the competitors for a lower price but the firm cannot have a too low either, if the price is too low the firm will not earn anything from their sales (McCarthy and Perreault, 1984). According to McCarthy and Perreault (1984) all Ps are equally important and needs to be linked up with each other.

The marketing mix has since it was introduced been developed and many authors have been adding additional Ps that they think should also be included in the mix (Judd, 2003). Packaging, public relations and political are some examples of additional Ps that can be
included in it (Judd, 2003; Kotler, 2003). In this thesis we are going to focus on the traditional Ps only.

### 3.4 Marketing mix strategies during recessions

During a recession one of the most common strategies are to make changes in the marketing mix and we are going to explain exactly what kind of changes.

When it comes to changes related to the product policy during turbulent times it is common that the weak items are withdrawn from the market (Köksal and Özgül, 2007). The reason to this is that consumers place emphasis on the durability of products at such times, firms then tends to prioritize characteristics such as economy, durability and functionality instead when developing new lines (Shama, 1981).

Recessions have an effect on changes in prices as well, mostly leading to reductions (Shama, 1981). The reason for this is to maintain or increase sales for the firm but this strategy can cause serious damage to a firm in the long run, mainly if the customers get too comfortable to the new lower prices and then refuse to go back to the higher prices once the recession is over. This strategy also leads to lower profitability for the firm and this too can be to harmful (ibid). But this strategy can also lead to competitive advantage for the initiating firm because they can take advantage of the restructuring better than their competitors (Mason and Staude, 2008). During a recession it is also common that firm offers rebates, coupons, free installation, extended service and etc. According to Ang et al. (2000), there are two quality strategies related to pricing during recessions, one is to offer higher quality products at the same prices or to offer the same quality products at lower prices. One should never reduce the quality and the price though (ibid).

Promotional changes also play a major role for firms during recessions (Köksal and Özgül, 2007). As already mentioned, previous research shows that an increased or maintained marketing budget will lead to increased sales, income and market shares during and after a recession (Roberts, 2003; Srinvasan et al., 2005; Arens et al., 2008; Gifford, 2008; Kotler, 2003). According to Arens et al., (2008) and Kotler (2003) an increased marketing budget will pay off in higher incomes both during and after recessions. During a recession consumers
tends to shop more wisely than during boom times, advertising campaigns should therefore emphasize such wise motives as safety, reliability and durability, rather than e.g. status (Shrager, 1991).

The whole idea with marketing is to communicate the message of the product or service of the firm to its customers, and by reducing the marketing budget the firm may find it difficult to do that (Arens et al., 2008). If the firm has a brand image and decides to make cuts in their marketing budget they put the brand at risk because customers may forget about them if the firm does not promote their brand while their competitors promote their brands (Stein, 2008). Their strong position on the market will then be very difficult to retain once it has been lost to their competitors (ibid). During recessions the consumers are hurting; it is therefore a bad idea to distance the brand of the firm from them. Recessions are excellent opportunities for a firm to build loyalty through relationship marketing because consumers appreciate firms that reach out to them rather than reducing their customer service to save money (Bush, 2008).

Other promotion strategies during a recession can be: avoiding celebrity endorsements, using discounts and premiums, reward loyal customers etc.

The place element of the marketing mix is in need of elimination of unprofitable intermediaries in the distribution channel members and reallocation of threatened firm resources to better producing channel members during a recession (Köksal and Özgül, 2007). But decisions of this kind are often in need of time and should therefore be taken carefully (Kotler and Armstrong, 2006). To focus on discount stores or retailer is a good strategy during a recession according to Ang et al., (2000) since they are good channels for a firm. Lowered operating costs, chose of alternative distribution channels and improved cooperate within the channels can all affect a firms’ performance positively during a recession (Köksal and Özgül, 2007).

3.5 Strategy

The whole concept of a strategy emerges originally from the military history of using gathered intelligence to defeat the existing enemy (Henry, 2008). Strategy is a very important
concept to understand and apply correctly in order to thrive in a competitive environment (Kotler, 1969). This clarifies that strategy can be seen as a weapon to be used for maintaining competitiveness and there is different types of strategies that could be used for different circumstances (Nickols, 2012). Strategy can be described as a bridge from aspired outcome and actual outcome, the valley in between that needs to be bridged varies depending on the external and internal environment a firm are exposed to. Professor Michael Porter describes strategy as:

"A combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there." - Michael Porter (1996).

Michael Porter does mainly focus on competitive strategy and not strategy in general, and he believes that competitive strategy is to be different than the competition and deliver a unique mix of values in the end product (Porter, 1996). Going into a recession a firm always has the opportunity to adapt their strategy, and depending on the type of firm and the size of it they all have different strategies. While some firms tend to go on the defensive during a recession other decides to go on the aggressive, and then we have those that do not do anything about their strategy at all (Treas, 2009).

3.5.1 Defensive approach

To adapt at defensive approach means that the firm are cutting down on their present capacity to meet up the hardening environment of a recession (Gulati et al., 2010). If a firm during a recession applies a defensive strategy it could be seen as a weakness, failure and an under achievement by the firm out of a strategic perspective (ibid). Several studies report reduction in expenditures with economic recession and where managers urge to eliminate cost burdens during these times (Srinivasan et al., 2005; Deleersnyder et al., 2009). A very common problem when it comes to argue for marketing being an important investment is faced at the accounting office were it is only written down as a expense and nothing that could bring future sales up (Graham and Frankenberger, 2003). When finances are strained in an economic recession there is an incentive for firms to improve their basic operational skills in order to be more cost efficient (ibid). According to the authors the first cost to be cut is commonly the marketing costs, this although several marketing professionals argue that the
opposite way is the way to go (*ibid*). There is evidence suggesting that a reduction of advertising has the possibility to erode brand loyalty (Lamey et al. 2007). When the economy eventually turns again it will be very challenging for the firm to regain those customers that they have lost to their competitors during the recession (Srinivasan *et al.*, 2005; Lovelock, 1997).

3.5.2 Neutral approach

The neutral approach is not very discussed since it easily could be described of a passive strategy or in fact a total lack of strategy, but we want to highlight that a maintaining of investment on advertising and promotion has the potential to act like a passive, still offensive strategy. This is very clearly explained by Tellis and Tellis:

"By definition, recessions alter ordinary marketplace conditions. If the average reaction to the recession is to cut advertising and promotion spending, those companies that maintain prerecession spending levels will enjoy a larger share of a shrinking pool of total advertising and promotion dollars" - (Tellis and Tellis 2009)

3.5.3 Offensive approach

An offensive approach regards the attempt to entry on new markets or launch of new products and services in order to heighten their post-recession marketing position (Gulati *et al.*, 2010; Lovelock, 1997)

To increase the investment on marketing communications during times could bring comfort and a feeling of security to the consumers when general consumer confident has been affected negatively. Since the consumers’ willingness to spend has been negatively impacted by the troubled economic environment is it possible for an offensive marketing effort reverse the trend to the firm’s advantage (*ibid*). Thus, according to Albion and Farris (1981); Graham and Frankenberger (2003); Tellis and Tellis (2009), an offensive investment can therefore help to bring back the consumer purchasing behaviour to levels similar to those before the recession.

Kamber (2002) conducted studies with data from previous financial crises, focusing on the relationship between investment in marketing communications as well as growth in sales both
during and after the recession. The results of his study highlighted a positive relationship between the two factors. He also discovered that the marketing carried out in a recession tends to be more effective than those implemented in the normal state of the economy (Kamber 2002). Frankenberger and Graham (2003) and Srinivasan and Lilien (2009) observed similar findings in which the indications were that the increased marketing communication during the recession raised profits directly and as the economy recovers.

The Recession Strategy Process Model
Source: Rasuli & Gryth, 2012

Based on the literature review we have developed our own model that describes the steps a firm take during a recession and the effects it have had on the firm once it is over.

During a recession a firm must analyse the external factors of the firm. It is important that competitors, whether domestic or international, must be carefully analysed to find out the strengths, weaknesses, and like moves during a recession. It is also important to find out if the competitor is strong enough to use the recession as an opportunity to gain market shares at others’ expense. What will happen to the industry, will competitors seek other markets or continue to fight for the old ones? The firm must also find out if the customers are likely to change their buying behaviour or not.

Before a firm can revise their marketing strategies for surviving a recession, they must also reassess their internal situations. By doing this it means to analyse the current financial, human and physical
resource strengths and weaknesses. The most common way to go at the first sign of slow-down is to cut costs. This is sometimes needed but some firms decide to use a recession as an opportunity to invest in the firms’ future market strengths. A recession has also an effect on the marketing mix of the firm. Changes to the marketing mix are common during a recession as it is seen by some as a strategy to gain market shares from competitors.

After revising both the external and internal factors of the firm a recession marketing strategy can be decided. The firm will then find out whether they can afford to use an offensive strategy and think long-term or if they are in a serious financial condition and need to take a defensive stance to bring in greatest possible short-term revenues just to survive.

The firms’ internal strengths and offensive strategy may give it the advantage of many of the strategic opportunities that a recession offers. Maintained or increased investment in marketing mix factors such as promotion, added distribution and introduction of new products could lead to increased market shares, brand reputation and future profits.

The recession marketing plan, if successful, is expected to have produced to criteria at the outcome of a recession. The first one is immediate damage control and delivery of short-term revenues and profits that are enough to withstand the bad times. The second criterion is a boosted long-term future for the firm with preserved brand reputation, maximizing market shares, better positioning etc.
The empirical method is presented in this chapter. The research design and strategy are discussed followed by sample selection, reliability, and validity. Finally the matter of generalizability and ethics are discussed.

4.1 Research design

When it comes to research design, there are three different main types: Those are exploratory, descriptive and explanatory design (Yin 2003; Saunders et al., 2009). The exploratory research is very useful when the uncertainty of a subject is high, which often occurs in the initial face of a subject. There is high importance of being flexible and adaptable to changes when using an exploratory research design (Saunders et al., 2009). The purpose of the descriptive research is to gather more essential information to the research, it is quite closely related to the earlier mentioned exploratory research design. As Webb (1992) described the relation between exploratory and descriptive as a camera taking a picture. The exploratory research design points the camera at the right direction while the descriptive research design is taking the picture. Then to the third research design, the explanatory one, this is useful when a problem or a certain situation has to be investigated in order to find out about the relationship between different variables (Saunders et al., 2009)

This thesis is of an exploratory research design, because investigations about how a recession is affecting marketing strategy in Swedish firms are an investigation about the relationship between different variables and their affection on each other. There was no specific point in the thesis forthcoming where a choice of research design was elected it emerged quite naturally. We knew from the beginning that we were about to investigate the causality between a recession and marketing strategy. There is a chance that our hypotheses are inaccurate and that our interviews contribute with knowledge we did not consider while writing our hypothesis.
4.2 Research Strategy

According to Saunders et al. (2009) there are seven different research strategies and they are all applicable in the all of the research designs, which were mentioned in previous paragraph. For those who want further reading, all the different strategies are to be found in Saunders et al. (2009). This thesis will implement a research strategy, which according to Yin (2003) is often suitable to question(s) that wants to answer in a nature of “how or why”. We are implementing the case study strategy on our thesis, this is because its ability to provide with a great understanding in the field of study. An advantage with the case study strategy is its possibility to provide with descriptive answers to questions (Saunders et al. 2009). Another reason for the selection of case study strategy is because there are various choices of data gathering techniques to choose.

4.3 Sample Selection

Since we do not have the time, money or the access to collect data from all possible member of a population, a census, we have us the process of sampling (Saunders et al., 2009). There are two different types of sampling techniques, probability and non-probability sampling. In the probability sampling, or the representative sampling as it also can be called, the possibility of each case to be selected from the population is identified and usually equal for all cases (ibid). It is therefore possible to answer the research question and accomplish objectives that involve you to approximately calculate the different factors statistically. This sampling technique is commonly associated with survey and experimental research strategies (ibid). The non-probability sampling, or the judgmental sampling, is the opposite; the chance of a member from the population to be selected is not known here. Here it is not possible to answer the research question that is required to make statistical assumptions about the different factors of the population (ibid). Since our samples are not chosen randomly the non-probability technique suits our research better than the probability would have done. Within a business research, such a case study, it is not possible to choose the samples statistically at random, it is therefore the non-probability sampling that suits better because it provides a range of alternative techniques to select the samples (ibid).
The firms that we have chosen to interview are all firms within the consumer discretionary sector and that is because we have read that this sector is a sector that usually gets hit harder than other sectors by a recession.

4.4 Operationalization

This section discusses the operationalization of the research questions in this thesis. According to Saunders et al., (2009), operationalization is the translation of concepts into concrete indicators of their existence. We are investigating whether the firms in the consumer discretionary sector are following our developed model during a recession or not. It is therefore necessary to ask questions regarding the theories within the model. We divided our questions into three categories; Recession, Marketing and Strategy to cover our model and its content. Since we are performing a semi-structured interview we did not follow a strict questioning plan we just categorized our questions for us to read during the interviews so we would not forget to ask any questions. These questions were never sent out to our interviewees and we believed this semi-structured interview approach would give us sufficient information.

Changes in External factors

Our questions about external factors were the majority about the current recession, but we also asked questions about the competitors of the firm. Our recessionary questions were aimed on how big of a factor the current recession has had on the firms’ general existents and their decision-making. The questions that we asked about this part of our model are: Have the firm felt the effects of the current recession? How does the firm look at recessions and booms (how big roles are the playing in the planning of the firms’ strategy)? Are you sensitive to recessions or not?

Changes in Internal Factors

When investigating the internal factors we wanted to know how they reacted to the recession, and in this case mainly in their marketing mix. We wanted to see how they approached marketing, and if they changed a lot internally when a recession was upon them. The
questions that we asked about this are: **Product**: what changes do you have in your product range? - **Price**: How do you manage your price setting in recession? - **Promotion**: What are you doing to change the impact during a recession? - **Place**: What changes are done? But we did also ask question about the firms’ general marketing, and these questions were: How does the firm market itself today? How do you measure the marketing of the firm to find out whether it has been successful or not?

*Strategy Posture*

This area is almost self-revealed by the questions we previously asked. We wanted to see if they have an offensive approach or defensive. Even if it is answered by all other question we asked, we added one question just to be sure we did not forget to talk about their thoughts on offensive or defensive approach. The question we added was: What mentality do you think dominate your marketing in a downturn?

*Opportunities*

This part is what theory states as possible gains for companies depending on which approach they have chosen, this question was asked during the interview and not on our interview guide. We considered it as a talking point in the strategic questions, covered by: What is your approach when it comes to marketing in a recession? Have your strategies changed in any way between 2007-2012 when it comes to the way you market yourself?

*Recession outcomes*

As the title states we want to see what they aim for with their marketing strategy, since the recession is not over and the uncertainty is high it is hard to measure success but we can see what they want to achieve by their strategy and if they are happy with their current progress. The question that covers this area is: If you look back over the last few years, have you chosen the right way to act? - Would you have acted in a other way if you had the opportunity to change that?
4.5 Reliability

There are according to Saunders et al. (2009) four major threats to reliability. The first is the error that the participant could contribute with. It is a factor which results may differ depending on the participant’s mind-sets or if they are under time-pressure. For example, a person may answer different to a question, depending on what time he/she is being asked. The second threat is the possibility of a scenario where the participant answer the question in the way they assume the researcher wants them to be. The third threat is the possibility that the researcher is interpreting the participant in a not fully accurate way, which leads to conflicts in results and this, in turn will affect the reliability negatively. The fourth threat is the affection by the researcher during the talk with the participant; it differs from how the researcher talks and in the way he/she behaves. The primary objective of reliability is to reduce errors in a study. In a perfect world, if other case studies are made in the future, using the same structure and methods as this one, they should at the end be matching findings and conclusions (Yin 2003). Yin (2003) also states that the most common way to deal with problems that may occur with reliability is to conduct the research as if someone was looking over your shoulder.

When it comes to the reliability of this thesis we feel quite sure that it is reliable, but at the same we cannot be sure whether the participant’s answers would be different if they were to be asked at a different time during the day or by a different person. We can only assume that since we gave them the freedom of picking the time for the interview we think that they feel most comfortable at that time for an interview. The interviews were not conducted face-to-face since we did not have the opportunity to visit the firms so we chose to conduct them over telephone, we could therefore not see how the participant behaved while answering the questions. But from the sound of their voice throughout the interviews we assume that were comfortable with the questions.

4.6 Validity

“In research, validity concerns the degree to which a piece of research manages to portray, and to respond to, its objectives and the concepts it set out to consider or measure in as accurate and insightful manner as possible.” (Stoke, 2009). In other words, did the research achieve what it set out to do and can the findings be believed? According to Ghauri and
Grönhaug (2005), there are four types of validity that are emphasized in a qualitative research. And they are: descriptive, interpretative, theoretical and generalizable. We believe that for our thesis that the generalizable validity is relevant. Generalizable validity refers to if the findings from a study can be generalized to other settings. For example, can the findings from our study on one firm in one industry also be applied to all other firms in the industry as well? We do not believe that it can, that is why we cannot generalise our findings. Another reason to why it is difficult to generalise our findings is that we have done a qualitative research. According to Jacobsen (2002), a qualitative research is a sample and it is difficult to claim that a sample is representative for a larger amount of units. In order to be able to generalise the findings from a qualitative study to a larger population one has to go in depth (Jacobsen, 2002), but we did not have the time or resources to do that. Also our findings cannot be generalized because we have chosen a sector that is more affected by a recession than other ones.

4.7 Generalizability

Generalizability is sometimes also referred to as external validity, and it shows whether the results from a research can be equally applicable to other research settings, such as other organisations or not (Saunders et al., 2009). We do not believe that the result from our research can be generalised since our research is a case study conducted on a small number of firms. Even if the firms that we have done our research on are all large and in the same sector we do not feel like we can do a generalisation. The reason for this is that the consumer discretionary sector is such a wide sector. In order for our research to be able to be generalised it has to be done on a large sample of firms across different industries, and not only on a small number of firms. This is not sufficient to generalise a whole industry or country with.

4.8 Ethics

It is important when collecting the data for your study that you are doing that in line with the ethical principle of not causing harm or embarrassment for the participants. When doing an interview you should never press the interviewee for answers, the participant should know that they have the right do decline an interview if they want to do that. Other ways of causing
harm could be by telephoning the intended participants at an unsociable time or by surprising those you intended collecting the data from (Saunders et al., 2009).

In our thesis we made sure not to put any pressure on the participants or to reflect the question in a way to get a desired answer from them. We called and offered to send them the questions in advance, but they all declined that offer and told us that it was not necessary. Because of the sensitive information the firms gave us we gave all the opportunity to be anonymous if they wanted and also offered to send a copy of the thesis to them so that they could see that we only used the answers given to us by them.
5. Empirical findings and Analysis

In this chapter we will present the empirical findings collected from our interviews with the three companies. We will also analyse the empirical findings from the interviews and see whether they agree with our model or not.

Firm Presentations

Firm A

The first firm, Firm A, is a Swedish firm that was established in 1959. Today they have a presence in Sweden, Denmark, Norway, Finland and China. At this firm we interviewed Sarah, she is the Nordic Consumer Marketing Manager and has been working there for 9.5 years. The firm is in the small kitchen appliances sector within the consumer discretionary sector.

Firm B

This company as in this case we will call, firm B since they chose to be anonymous, is a company that are manufacturing consumer electronics and appliances, which in turn is distributed to countries around the world. Firm B is a relatively small player and has its segment in the more expensive end of the market, the premium segment. They are a small brand with small brand recognition compared to its major competitors, Bosch and Miele. We have interviewed the global marketing manager at this particularly firm and he has over a decade of experience in that position. Their marketing strategy for Sweden and all of the Nordic countries are decided in Copenhagen marketing office and the office in Sweden is concerned about the whole global strategy.

Firm C

This firm wanted as well as the others to stay anonymous. Firm C as we will call them are a very well-known manufacturer of appliances and home electronics and has been in the industry for over 80 years and they have established costumers in 150 different countries around the globe. The person we talked with named Lena is the Swedish marketing manager
and has been for the last 3 years. Her daily work task includes project management of new marketing campaigns and result checking from the previous to see if they were successful.

5.1 Marketing

5.1.1 Firm A

When we asked Sarah from Firm A how they were marketing themselves she answered that the majority of their marketing came from TV but that lately they have also been using social networks to reach out to their customers. Since this firm does not have any stores of their own they rely a lot on the marketing for their products made by the retailers. The retailers are using mainly catalogues and advertising when they are marketing, she said. According to Arens et al., (2008) and Kotler (2003) shows towards a possible profit both during and after a recession the firm has chosen to increase their marketing budget and that is because they are aware of the opportunity to gain market shares from their competitors that are choosing a more defensive marketing approach. When we asked Sarah whether they have been successful or not with their offensive marketing approach she said that compared to their competitors they have been successful, but she also admitted that she has seen a decreased demand for their products from their retailers.

What (Köksal and Özgül, 2007) argues for is that the weaker, or less profitable product are being withdrawn from the market during a recession in order to make room for the more profitable ones. The Firm’s supply of products is not going through any changes during a recession; they have a strong belief in already existing products and their ability to satisfy customers with them. The firm is always trying to improve their products regardless of it is a recession or not. Because of this they are not lowering their prices during a recession instead their aim is to improve their quality instead. This is the possible way that Ang et al. (2000) argues for, the strategy were they offer more for same price instead of lowering the price. The firm does not act like Shama, (1981) states some would during a recession by reducing the price. The close relation and the good understanding that the firm has with their retailers is very important for them, it allows them to take part in any sales campaigns that the retailer have. By making sure that their retailers do not run out of products it allows them to have these campaigns. The firm is also investing a lot of money in their own marketing during a recession and that way they can sometimes reach out better to their customer than they would
have by just the campaigns of their retailers. By doing this they are making sure that their brand name still is strong she said. And when it comes to the place the firm is not making any changes to it, they use their partnership with the retailers to position themself. This concept is argued for by Ang et al., (2000) since the retailers are sufficient marketing channel for the firm and they provide with customer service on the firms behalf. (Arens et al., 2008) states that if a firm is reducing its marketing budget it would be harder to get out their message of the product, this is changed a little bit since the low cost of social medias and their great exposure for products. Roberts, 2003; Srinvasan et al., 2005, state that an increased investment in marketing will pay off in higher revenues both during the recession and also when the economy recovers.

5.1.2 Firm B

Firm B has chosen to invest more in marketing through social networks and other cheaper alternatives rather than TV ads that are more costly during this recession. They have discovered that they can reach out to their customer much cheaper this was. The firm has also chosen to participate in their retailers’ campaigns, this way both can keep their marketing costs down. By choosing this way of marketing they can still be active during the recession and still reach out to their customers but to a lower cost. They are applying the concept that great benefits may spring from marketing in recession but they are defensive in their way of thinking, Kamber 2002). Frankenberger and Graham (2003) and Srinivasan and Lilien (2009) firm B’s solution to this is to focus their marketing in more efficient marketing channels according to Fredrik.

When we asked Fredrik about changes the firm is making to their marketing mix he said that there are not any changes made to their products, in contrast to what is argued by (Köksal and Özgül, 2007) where they state the possibility for a firm to cut off their less profitable products. They have a small supply of products and that they are all premium brands that have a good reputation is still demanded by their customers. By having so strong product there is no need to make any changes to them, he continued. When a recession is present there is a great incentive for prices to be dropped in a market, (Shama, 1981), this to attract price sensitive customers. Although firm B refuses to go into a pricing war with their competitors when we asked if they are making any changes to their price, the reason for this is according to Fredrik that they are located in the premium segment of the market and if they decided to
lower their prices their customers could get the feeling like the quality has been lowered as well as Ang et al. (2000) suggest might happen. Their good reputation of quality has led to a very good relationship with their customers, and it is their loyal customers that are still demanding their products even during recessions. Fredrik also mentioned that the firm does occasionally have campaigns, but they are not influenced by recessions. According to Roberts, 2003; Srinvasan et al., 2005 it is possible to gain profits by increased marketing, but firm B, rather than investing a lot of money on TV ads and etc. Firm B has chosen to participate in their retailers marketing and that they also have invested in being found amongst the first firms on different search engines on Internet. This is, according to Fredrik, a very effective way of marketing for small firms. Their retailer are still those that are selling their products during a recession, just like it was before it and the firm does not see any need for a change to be made to that since it has worked out well for them.

5.1.3 Firm C

The marketing mentality at Firm C is very offensive compared to the Firm A and Firm B. They are not afraid of investing in more expensive ways of marketing during a recession, but they are using different ways of marketing depending on the time of the year. E.g. during the winter months in Sweden it is very dark outside and there is not much else to do than watching TV, therefore this firm invest a lot of money on TV ads during this period. In the same way that Stein, (2008) research argues that recessions is the most likely time to get results from marketing, if you don’t communicate as much as you competitors it creates a risk for loss in reputation. Lena said that the firm sees a recession as a perfect opportunity to gain market shares from their competitors, and that is why they are so offensive with their marketing. They, just like the other firms, are also using social networks a lot more to reach out to their customers now a days.

Unlike the other two firms this one is focusing more on their less expensive products during a recession and they are promoting them more than what they do on their premium brands. With this said Lena does not mean that they are removing their premium brands from their supply, only that they put more focus on their more basic products. When asked about changes to the price, Lena said that they are not afraid to lower their prices but they are usually offering more to the same price as before the recession, they share the same view as Ang et al. (2000) regarding price and offers to customer. Firm C is, as already mentioned,
investing in promoting their products during a recession and in particular their more basic products. They too are working closely with their retailer to promote their products and to also take part in their campaigns. Another common strategy of Firm C is to offer better prices to the retailer and in return their products will be placed in better shelves at the stores compared to their competitors. Firm C is also making sure to use their retailer during a recession, just like the other two firms they too feel like it is working out well and they do not see any needs to make any changes.

5.2 Strategy

5.2.1 Firm A

There is not any crisis plan developed in advance in Firm A, instead they are taking the recession as it comes and trying to adapt to it while it goes in a very reactive manner. Sales, market shares and the situation of their retailers are what they are looking at and trying to adapt to and they try to do this with an aggressive mentality position that could benefit the firm as much as possible during the recession (Gulati et al., 2010; Lovelock, 1997). Between the years 2007 and 2012 there have been changes in their strategies when it comes to marketing with intention to make the investments worth more through more efficient marketing. During 2007 they were using mainly TV to reach out to their customers while in recent years it has shifted into digital media and social networks, and that is because the customers are easier to reach out this way she said. Sarah also mentioned if it was possible to go back in time the firm would have chosen to invest in social medias earlier since this way of marketing has been so successful for the firm.

5.2.2 Firm B

Firm B, just like Firm A, takes the recession as it comes and they do not plan so much in advance. Their main objective with their strategies is not to gain market shares because they are satisfied with the percentage they have today and realize that in the premium segment there is not that big share to fight for in recessions they rather tighten up their expenditures and ride out the storm, as the defensive approach is explained by Gulati et al., (2010). They focus more on a defensive approach with cost minimizing and rationalizing of their core
operations in order to gain more internal efficiency such as Graham and Frankenberger, (2003) argues for. The reason to why they are not aiming at gaining market shares is that the firm is a rather small one and they are in the premium segment within this sector. If they want to gain market shares they are going to have to aim at customers outside of the premium segment, and that is not what the firm wants to achieve. According to (Srinivasan et al., 2005; Lovelock, 1997) it is a possible threat to be too defensive that the brand name could be damaged since they are not present in the customers’ everyday life also stated by Lamey et al. (2007). Their strategies are based on the goals of the firm, and they are that the firm wants to protect its brand name and not to lose market shares to competitors, Fredrik explained when we asked why they are acting this way and he added that their premium niche are not as demanding as the more basic ones to be seen in commercials every day.

Their strategy for this recession is different from their strategies for previous recession because the factors that trigger each crisis are different and cannot therefore be generalized. Firm B have been in the business for many years so they have a lot of experience from previous recessions and through that they have learned to plan their strategies differently and efficient for each crisis. One common move that they make during every recession is that they reduce their marketing budget at the beginning of the recession as a precaution, but it has happened that they have gone back to their preceding budget while there is still a recession on-going.

5.2.3 Firm C

Firm C does not have a clearly pre developed crisis plan that they are following, instead they have semi-planned crisis approach. They start out by reducing the manufacturing tempo, and as time goes they see if it is just a normal dip in the economy or if it is a deeper recession. It is common that they make changes to their crisis plan during the recession instead of sticking to their crisis plan throughout the whole recession. She gave us an example of one of their retailers that was forced into liquidation, and thanks to them reducing their production their loss was more severe than it could have been. We can clearly analyse that they start off with a defensive approach while they are re-planning and then goes for an offensive approach.

The marketing strategy of the firms was also semi-structured, they started out slowly and as the time went they would either reduce their investments or increased them. As this recession has developed they have chosen to increase their marketing activity, except for a short period
when the Euro-crisis was at its worst. Their marketing strategy is planned both for the short and long-term, their short-term goals is to keep the sales up and their long-term goals is to gain market shares from competitors once the recession is over and are in line with what the research of (Kamber 2002). Frankenberger and Graham (2003) states, the possible gains a more offensive approach could benefit to the firm.

5.3 Recession

5.3.1 Firm A

According to Lovelock (1997), a recession poses threats to most active businesses but some are more vulnerable than others, especially those in the discretionary sector. Firm A, just like the other firms that we have interviewed, has also been affected by the current recession with a decreased demand for the product from their retailers. According to Sarah if they compare their situation to their competitors they have made it quite well, but if they compare it to their situation before the recession a small dip can in revenues can be seen. A reason to why they have managed to remain this strong is their brand image and the good reputation they have for their products. On the question whether a recession have an effect on their strategy decision or not the answer was no. A reason for this is that their product range is more in the small appliances sector rather than refrigerator and freezers that are more costly than e.g. a microwave. By focusing on this segment within the consumer discretionary sector it has led to a competitive advantage for Firm A. This combined with their offerings of quality products to affordable prices has made it possible for the firm to plan their strategies with the goal to just protect their market shares. It has made it possible for the firm to not be that affected by a recession, she said.

5.3.2 Firm B

As already mentioned Firm B has also been affected negatively by the current recession. They saw their sales turning very negatively in the beginning of 2008, but surprisingly ever since that dip there sales figures have been increasing. The consumer discretionary sector has been badly affected by the current recession, but thanks to its brand image and efficient marketing strategy the firms has managed to keep their market shares. According to Fredrik the premium
brand segment within this sector has lost about 20% in sales between 2007 and now because their customers have switched to cheaper brands.

5.3.3 Firm C

Firm C is not any different from the other two firms when it comes the recession and its effect on the firms’ performance. In the beginning they too saw a declined demand for their products, but during 2009 they saw an increase in sales of their more basic products while their more premium brands still went through a tough time. Today that has changed Lena said, both their basic and their premium brands have increased in sales and she thinks that the future looks brighter now than it did a few years ago.

The Recession Strategy Process Model

Changes in External factors
- Economic
- Recession
- Competition

Changes in Internal Factors
- Resources
- Human
- Financial
- Marketing mix

Strategy posture
- Offensive
- Defensive

Opportunities
- Market shares
- First mover advantage
- Internal efficiency
- Customer needs
- Positioning

Recession outcomes
- Damage control
- Favorable post-recession market position

After talking to these three firms, we have concluded that our model are covering the major aspects that are influencing, considered and affected by the strategic decisions made in marketing strategy by a firm in a recession. It starts with the influencing factor, which is the recession in our cases, and then the companies have replied that they are acting quite defensive while they are analysing their internal possibilities. After that, they are making some kind of decision, and in two of our firms they took a more offensive strategy to gain market share and the third which is the smallest of them all, chose a more defensive strategy with more focus of improving internal operations.
6. Conclusion

*In this chapter we will provide a summary of our thesis, the conclusion, followed by critical reflections and some ideas for future research.*

6.1 Summary of thesis

The current recession around the world has had a negative effect on firms around the world, it all started out in the U.S. but quickly spread to rest of the world and Europe. It did not take long after that until it reached Sweden after it had spread to Europe. Increased number of liquidations and an increased unemployment soon become the result of the recession, a lot of sectors were severely affected and in particular the consumer discretionary sector. This is the sector that we have chosen to focus on since it came to our knowledge that this sector is one of the most affected sectors during recessions and other financial crisis. We decided to focus on firms within the home appliances sector since we felt that we could get the best answers to our questions from firms within this sector. We came up with this research question to try to answer: *How have Swedish firms in the consumer discretionary sector reacted to the current recession?* To be able to get an answer to our question we contacted ten firms within this sector but unfortunately only three firms had the opportunity to participate. We interviewed the firms over telephone where we asked those questions that were necessary to test our model that we had developed after our theoretical chapter. The model was developed to show how firms reacted to a recession and we wanted to find out if whether firms within the consumer discretionary sector also reacted this way or not. Our findings from the interviews agreed to our theoretical chapter and our model, as we found out these firms have all done rather well during this recession. We also found out that our model did agree with the reactions of the firms within the consumer discretionary sector, but we are fully aware of that we have only interviewed three firms and cannot therefore draw a general conclusion on how firms within this sector have reacted during this recession. Had more firms decided to participate maybe we could have been able to draw a more general conclusion.
6.2 Conclusion

Even though existing theories are saying that the consumer discretionary sector is the one that is the most affected by a recession our findings is showing that these firms within this sector all have done rather well. A factor could be that the Swedish market did not need as long time to recover from this recession as other countries, another factor possibly could be that these firms all have done their homework and studied the environment well in order to come up with a strategy that will benefit their firms the most. We wished that other firms also could have participated in our interviews so that we could have seen if our model agreed with the actions of other firms within the sector as well. We asked our firms first if they were affected at all by the recession just to check if all the theories we have read are correct about the vulnerability of the discretionary sector. They all agreed upon that it has been a negative impact to the market by the recession, which started 2008. Sweden has not been struck as hard as many other countries but the economic uncertainty that it brought has affected the Swedish consumer buying behaviour. All of our three firms were affected by the recession and all of them took it slow in strategic planning in the beginning of the recession to analyse the environment completely before they put any plan in action. They analysed both the external market and the internal to assess what to do, then two (Firm A & Firm C) of our firms did act in a more offensive approach and tried to become more active in their marketing to the consumer and retailer, these two companies shared the same characteristic. They are both very big players in the industry with a wide range of products. The one firm (Firm B) that did not turn to an offensive approach is a minor firm in the industry and does only manufacture more expensive premium appliances. We see the correlation of size of firm and tendency to be offensive; it is made even clearer when the small firms argues to why they act more defensive is due to the lack of financial means to truly be competitive against the bigger players of the market. Instead they try to invest their money in more efficient way to make their effort count, they are very interested in search engine marketing where exposure is high and investment cost is low. The two (Firm A & Firm C) larger firms cut back on their premium based marketing efforts and invested more in cheaper products because that is the largest pool of costumers there, this might have affected the small firm, which is niched in premium goods because they saw their market sales drop by 20 % but their own sales were around normal figures. It could be a favoured position claimed through the fact that other in this market cut down on premium goods. We can see a pattern of cautions in the beginning of a recession but
then different firms react differently in a defensive or offensive approach, in our thesis the
two factors that highlight this particularly choice is size of firm and price/ quality of products
manufactured. Since we are unable to generalize the whole market, it is impossible to draw a
specific conclusion, but we can see that they larger firms are more active and aggressive to
gain customers in the main segment of the market while the niched, smaller firm rather play
on its own strengths and does not compete with bigger players. All of the firms did, according
to them, try to be as efficient as possible and make the most of their investments.

6.3 Critical reflection

Our research findings we gathered from only three firms and, we believe have had a major
impact on the result of our study. We chose a small segment in a wide sector to focus on so
there were not a lot of firms that we could choose from, but we were not able to choose other
firms in other segments since they would not be able to answer our questions on the
interviews. We found about ten firms in the home appliance sector that we contacted by
telephone and out of these ten only three firms had the time and willingness to participate, all
on one condition and that was that they could be anonymous. The fact that all of our firms
have chosen to be anonymous has lowered the credibility of our findings but there was not
much we could do about that, it was either to offer the opportunity to be anonymous or not be
able to finish our thesis. We were hoping that e.g. Miele and Whirpool also could have
participated in our research, but unfortunately they both changed their mind in the last minute
due to scheduling conflict and illness. All of our interviews were conducted over telephone
due the location of the firms and the writers, this too can be a critical point since we were not
able to conduct the interviews face-to-face and catch the participants’ reactions during the
interviews.

6.4 Further research

We would love to have more time and resources to conduct the study on a larger scale of
firms so that we could have been able to draw a more generalized conclusion. It would also be
interesting if could have investigated if other segments within this sector also are reacting in a
similar way to these three firms in the home appliance segment, but for that we would needed
a different research question and a new theoretical chapter. Finally it would have been
interesting to investigate the consumer discretionary sector in other countries and see if they too are reacting the same way as the firms here in Sweden.
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Appendix 1 - Swedish

Allmänna Intervjufrågor
1. Vad är ert namn?
2. Hur länge har Ni arbetat på företaget?
3. Vilken position har Ni på företaget?
4. Kan Ni berätta lite vad som ingår i era dagliga arbetsuppgifter?

Frågor om Konjunktur
1. Har Ni märkt av den ekonomiska krisen i Europa?
   - om ja, på vilket sätt? Hur har den påverkat Er? Om Nej, varför tror Ni att ni klarat er?
2. Hur ser Ni på konjunktur ned- och uppgångar? (hur viktiga aspekter är de vid planering av er strategi?)
3. Är Ni känsliga för konjunkturförändringar?
   - Om ja, varför och hur påverkar det Er marknadsföring?

Frågor om Marknadsföring
1. Hur skulle du förklara att er marknadsföring går till? På vilket sätt marknadsför ni er?
   (T.ex. kommunikationskanaler.)
2. Hur mäter ni framgångar av er marknadsföring?
3. Vilken mentalitet tycker du dominerar er marknadsföring vid lågkonjunktur?
   -Defensiv eller offensiv? (siktar ni på att spara eller att tjäna)
4. Marknadsföringmixen
   -Produkt: vilka förändringar gör ni i ert utbud av produkter?
-**Pris:** Under en lågkonjunktur är det vanligt att företag antingen sänker priset på deras produkter eller att de erbjuder produkter med högre kvalitet till samma pris som tidigare. Vilken av dessa två strategier använder ni er av?

-**Påverkan:** Vad gör ni för ändringar i påverkan under en lågkonjunktur?

-**Plats.** Enligt befintlig teori tenderar företag under en lågkonjunktur att eliminera de mellanhänder som de använde innan lågkonunkturen då de inte anses vara lönsamma och väljer att fokusera på t.ex. återförsäljare istället. Är det en strategi som ni också använder er av?

**Frågor om Strategi**

1. Hur ser Er strategi ut när det kommer till marknadsföring i lågkonjunktur?
   - Finns det en i förväg utarbetad "krisplan” som ni agerar efter vid sämre ekonomiska tider eller har ni ett mer reaktivt förhållningssätt?

2. Har Era strategier ändrats på något sätt mellan 2007-2012 när det kommer till ert sätt att marknadsföra er?
   - Om ja, på vilket sätt?

3. Om Ni tittar tillbaka på de senaste åren, har Ni valt rätt sätt att agera? - Skulle Ni agerat på något annat sätt om Ni fick göra om det idag?

4. Vilka är era främsta export länder?
   - Hur påverkar deras konjunktur ert arbete?

5. Finns det något ni känner att vi har glömt fråga om som ni vill ta upp?
Appendix 1 - English

General Interview Questions

1. What is your name?
2. How long have you worked at the company?
3. What position are you in now?
4. Can you tell me what is included in your daily tasks?

Questions on recession

1. Have you noticed the economic crisis in Europe?
   - If yes, how? How has it affected you? If No, why do you think you passed you?

2. How do you see the economic downturns and upturns? (how important are the aspects in planning your strategy?)

3. Are you sensitive to economic fluctuations?
   - If yes, why and how does it affect your marketing??

Questions about Marketing

1. How would you explain to your marketing? How do you promote your firm? (eg, communication channels)

2. How will you measure the success of your marketing?

3. What mentality do you think dominate your marketing in a downturn?
   - Defensive or offensive?

4. Marketing mix

   - Product: what changes do you have in your product range?

   - Price: During a recession, it is common for companies to either lower the price of
their products or to offer products with higher quality at the same price as before. Which of these two approaches do you use? Or both?

- **Promotion:** What are you doing to change the impact during a recession?

- **Place.** According to existing theory tends companies over a recession to eliminate the intermediaries they used before the recession when not considered profitable and choose to focus on such retailers instead. Is there a strategy that you also use you in?

**Questions about strategy**

1. What is your approach when it comes to marketing in a recession?
   - Is there a pre-prepared "crisis plan" that you are acting for the bad times, or do you have a more reactive approach?

2. Have your strategies changed in any way between 2007-2012 when it comes to the way you market yourself?
   - If yes, in what way?

3. If you look back over the last few years, have you chosen the right way to act? - Would you have acted otherwise if you had to do it today?

4. What are your main exporting countries?

5. Is there something you know that we have forgotten to ask or something you would like to add?