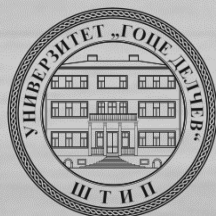


УНИВЕРЗИТЕТ „ГОЦЕ ДЕЛЧЕВ“ - ШТИП

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2022

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ФАКУЛТЕТ ЗА ТУРИЗАМ И  
БИЗНИС ЛОГИСТИКА

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LOGISTICS

ГОДИНА 2

VOLUME I

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## THE IMPORTANCE OF INTRODUCING MODERN INNOVATIONS IN ECONOMIC PROPAGANDA AND PROMOTION

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### ***Abstract:***

Once upon a time in the past, advertising was mostly done through television, radio, newspapers and magazines. However, well-known brands are still classically advertised. Most companies are not able to immediately place information about their products in the mass media. The term "*mainstream media*" was used by the first Noam Chomsky (*Z Media Institute, June 2017*) to describe media that are primarily aimed at a wider audience that simultaneously forms and directs public opinion, citing The New York Times and CBS. Smaller retailers, depending on the large retailers, have to work harder to be more noticeable in the market. Large companies as well as various state bodies can still switch using the media, because they are already known, and have more interesting news, so they do not have to invest a lot of effort in advertising their products. The late director of the company, Steve Jobs, presented a new product on the market, ie the *iphone* at the IT fair, and the media immediately announced it. However, if we are talking about some companies that have great products and are not well known enough, then it will be difficult to gain media attention. Advertising should not be equated with one-way marketing, although it can be an important part of the overall strategy. More intelligent marketers regularly succeed for their organizations by communicating through social networks, ie the web. Both large and small retailers need to communicate regularly with consumers. They need to work harder to be as visible as possible on the internet because only in this way can they entice customers to buy something from them. Nowadays, economic propaganda is becoming a major area of marketing costs. Today, some companies spend over 40 million dollars a year just for advertising in the media, and they also spend on other forms of promotional activities. The best propaganda goals are specified and measurable, because one must know exactly what propaganda should do. It is important that propaganda has a goal that can be measured, or else it will never be known whether the money has been spent successfully.

***Key words:*** *significance and role, types of propaganda, contemporary trends, public relations, effects and decisions of propaganda*

### **1. INTRODUCTION**

Economic propaganda can be defined as any form of paid, impersonal message transmitted through the media and initiated by a clearly identifiable sponsor. Economic propaganda is the most visible part of extensive promotion and communication mix, and it is the primary form of mass communication with the environment.

Economic propaganda has a number of specific characteristics:

- 1) *represents a completely controlled message*
- 2) *Communicates messages to a large number of people, at low cost,*
- 3) *communicates with a large number of people, and*
- 4) *by contact. mc*

So both large and small retailers need to communicate with consumers on a daily basis. They need to work harder to be as visible as possible on the internet because only in this way can they entice customers to buy something from them. It can be said that propaganda costs a lot and most

campaigns cannot be allowed to last forever, so they need to achieve a certain goal in a certain time. Therefore, it is very important that the goals of communication are clearly defined, regardless of whether they are short-term or long-term.

Here are some examples:

- 1) *to attract new consumers - taking over new consumers from existing competitors;*
- 2) *to increase the spending of existing consumers - increase awareness of the new store or products;*
- 3) *to increase the traffic of the sales facility - promoting special sales in order to increase the traffic during the period of business lull.*
- 4) *to develop the image of the store - All forms of economic propaganda tend to affect the image, but only some campaigns are primarily image-oriented.*

The economic propaganda of a trading company can have a large number of different primary and secondary goals, which require the use of different media. Some trading companies including Sainsbury J have used more than one agency, to meet different areas, depending on local competition as well as market conditions. The most important is the need to integrate the company's marketing communications

## **2. SIGNIFICANCE AND ROLE OF ECONOMIC PROPAGANDA**

Marketing, however, encompasses many more elements than economic propaganda. However, economic propaganda plays a very important role in the marketing of many companies, including industries as a whole. Deciding on economic propaganda is always challenging for marketers and economic propaganda usually covers the largest part of the promotional budget of most companies. Economic propaganda is any form of presentation and promotion of products or services, which is carried out through the media, and which a certain advertiser pays. Economic propaganda is one of the most used promotional activities, which is aimed at mass audiences and can reach large numbers of people at one point. Economic propaganda can be very effective as a way of informing, reassuring and reminding consumers. Economic propaganda can also create an image and symbolic representations related to products and services. Economic propaganda is the "most visible" marketing activity of a company. That's why it sometimes coincides with marketing. Economic propaganda enables a company to control and direct its messages. However, economic propaganda is not suitable for all products and services. Before they start planning their propaganda campaign, marketing managers need to consider a few things: <http://marketing-e.weebly.com/ekonomska-propaganda.html>, (accessed on 31.03.2022)

Economic propaganda can be an appropriate marketing tool if:

- 1) *The customer buys a product or service based on emotional motives,*
- 2) *the product or service has unique attributes or "hidden qualities" important to the potential customer,*
- 3) *there is a large potential market,*
- 4) *there is a favorable primary demand for products or services,*
- 5) *the company has enough marketing skills to successfully sell products and services*
- 6) *economic circumstances are favorable for this type of product or service,*
- 7) *the company is in a financial position and has enough money for propaganda,*
- 8) *companies are trying to build strong brands for their products,*
- 9) *If the marketing manager responds positively to each of these criteria, economic propaganda can become a major part of the motivational mix for his product or service.*

## **3. TYPES OF ECONOMIC PROPAGANDA**

There are different types of economic propaganda, which of them the company will use depends on the goals it wants to achieve.

### **3.1. Primary and selective demand.**

Propaganda aimed at stimulating primary demand seeks to develop demand for an overall product category rather than an individual product brand. On the other hand, propaganda that shapes selective demand seeks to build a product brand, a product brand image, to create preferences and loyalty to a specific brand, not a product category.

### **3.2. Direct and indirect action.**

Direct action propaganda seeks to cause a potential consumer to make an immediate purchase decision. Almost all forms of direct mail fall into this category. The propaganda of indirect action, on the other hand, is aimed at attracting attention, building interest or creating positive attitudes. This propaganda is aimed at lower levels than direct action in the model of the hierarchy of communication effects.

### **3.3. Targeted to the consumer or organization.**

Consumer propaganda is aimed at end users in the market - individuals and / or households. Business propaganda is aimed at organizations and is intended for business consumers, and is especially aimed at persons in organizations that influence the purchases or purchases of the organization. Trade propaganda is aimed at trade organizations - wholesalers and retailers in the distribution channel.

### **3.4. Product brand propaganda or institutional propaganda.**

Product brand propaganda is intended to promote certain products or services and may be carried out by a manufacturer or a member of a distribution channel. Institutional (corporate) propaganda is aimed at building the overall positive image of the organization and its products. It does not attempt to sell a particular product or service directly. Institutional propaganda, unlike product brand propaganda, is not only aimed at consumers but also at: (marketing intermediaries, suppliers, company shareholders, employees and the general public).

### **3.5. Vertical and horizontal cooperative propaganda.**

Vertical cooperative propaganda is a communication that is undertaken by a wholesaler or retailer, but is also partially paid for by the manufacturer. The amount of propaganda support paid by the manufacturer is usually based on a percentage of the sales level. For example, camera and camera stores may be financially supported by „XXX“, which will publish a series of newspaper ads for its new cameras. Manufacturers consider this type of propaganda as a form of sales promotion. Horizontal cooperative propaganda is conducted by members of the organization's group at the same level in the distribution channel through a joint role from which advertising is paid.

### **3.6. Commercial or public propaganda.**

In commercial propaganda, the production of propaganda means and the media is paid for by sponsors. The advertiser does not have to be a business company, but even in that case, propaganda is paid in an effort to facilitate the exchange of information between consumers and the organization. For example, hospitals can advertise and pay for their special courses for pregnant women. In contrast, public service propaganda is paid for by a government agency or institution, or by the media itself or another organization. Such propaganda seeks to secure certain social behavior or changes in past behavior. So, for example, advertising organizations that donate blood voluntarily, such as the Institute of Transfusiology, is then free for that organization. As noted, certain types of propaganda may have different purposes. The advertiser chooses the type of propaganda that will contribute the most to achieving the set goals. For example, a peanut butter producer has the following goals:



(increase the awareness of its peanut butter brand from 20% to 50% among the younger population in Republika Srpska in the next year. This goal will require the use of propaganda as a form of selective indirect and consumer-oriented). It will also be commercial, product brand propaganda. <http://marketing-e.weebly.com/ekonomska-propaganda.html>, (accessed on 01.04.2022)

#### 4. LATEST TRENDS IN ECONOMIC PROPAGANDA AND PROMOTION

According to Wilmshurt and Mackay (1999) economic propaganda from one aspect is defined as a form of every paid, non-personal message transmitted through the mass media and initiated by a clearly identifiable sponsor. Large and small retailers need to communicate with consumers every day. Then they have to work harder to be as visible as possible on the Internet, because only in that way can they attract customers to buy something from them.

Here we will talk about the five examined elements of trade propaganda and promotion, and they are:

- 1) *showing the growth of costs for the media and the differences between companies;*
- 2) *the importance of joint propaganda, which is at least partially funded by the producers, is taken into account;*
- 3) *the increase in the use of sales promotion techniques is considered, noting that there are a large number of techniques, preferences of traders and international restrictions;*
- 4) *an assessment of the development of the role of public relations within the trade communication mix is made;*
- 5) *finally, the use of sponsorship is investigated in order to strengthen the corporate image;*

##### 4.1. Costs of economic propaganda

Examining the costs of economic propaganda does not primarily provide information and the effectiveness of propaganda, but it is concluded that most commercial companies have strong links with the media. The stories about the end of the era of economic propaganda are, to put it mildly, premature, at least as far as trade companies are concerned. The growth of the 80s and 90s of the last century was slow compared to the fantastic growth of the 70s. Wal-Mart Amazon.com spent \$ 2.4 billion in 2013. According to Advertising Age, 21 April, (2016) amazon spent just 20% more on advertising than in 2012. The next trade format that has invested the most in economic propaganda and promotions in the United States are department stores. Retail companies invest the most in advertising through digital media. So it is believed that in 2016, for the first time, the cost of advertising through digital media will be higher than the cost of advertising through television.

According to Nielsen (2001) also gives typical relations between investments in economic propaganda and sales by sectors:

1) <i>soup from bags</i>	4.33%
2) <i>cereals</i>	8.75%
3) <i>razors</i>	6.07%
4) <i>nail care products</i>	16.47%
5) <i>hair dyes</i>	34.53%
6) <i>medicines for digestion</i>	20.92%
7) <i>toys</i>	10.45%

If we consider the costs of advertising propaganda, as a percentage of sales to the retail industry from 2011 to 2015, it can be seen that the costs, ie investment in economic propaganda and promotion growth. <http://www.statista.com/statitics/471153/ad-spend-to-sales-retail-stores-usa/>, (accessed on 01.04.2022)

In 2011 they amounted to:

- 1) 2,5%, 2012. years -2,7%
- 2) 2,7%, 2013. years, -3,2%
- 3) 3,2%, 2014. years -3,5%
- 4) 3,5%, 2015. years -4,1%

The most popular retailers and brands on Twitter in May 2016, expressed in millions of followers are the following: <http://www.statista.com/statistics/281370/most-popular-retailers-on-twitter-ranked-by-number-of-followers/>, (accessed on 01.04.2022)

- 1) *Google Play, which has 6.17 million followers on Twitter*
- 2) *App Store with 4.37,*
- 3) *Nike.com with 4.13.*

#### **4.2. Joint economic propaganda**

According to Somers T.M. Gypta Y.P. and Heriott S.R. (1990), joint economic propaganda occurs when two or more organizations sponsor one advertisement to jointly advertise their products or services. In horizontal joint economic propaganda, two or more trading companies come together to promote their common values or to increase traffic in the shopping center in which they are located. Vertical joint economic propaganda indicates agreements between suppliers and retailers for the joint promotion of stores and products. Discounts, ie the reduction of the purchase price to the retailer on the basis of joint economic propaganda, have become another element negotiated by trade companies and their suppliers. According to Somers, Gypta, and Heriott (1990) one of the most systematic studies of joint economic propaganda was conducted in the United States. A group of authors gives a more positive assessment of joint economic propaganda. Joint economic propaganda is a mixture of sources of two organizations, each of which has different goals, but at the same time they have certain common goals.

#### **4.3. Sales promotion**

According to Wilmschurs and Makay (1999) promotion experts have realized that propaganda alone is not always enough to put the company's products on store shelves and with it in the hands of consumers. Trade companies use sales promotion methods and techniques to stimulate demand at the consumer level. There are a number of techniques and sales. The costs of sales promotion activities are more difficult to estimate than the costs of economic propaganda because there is a great variety of activities as well as a lack of formal control mechanisms for larger activities. The costs of sales promotion have increased on average twice as much as the costs of economic propaganda.

Abratt, Bendixen and Plessis (1995) say in 80% of cases, trading companies use the following sales promotion techniques:

- 1) *price reduction promotions,*
- 2) *coupons,*
- 3) *demonstrations in the store,*
- 4) *free samples that can be tried in the store (new coffee, etc.),*
- 5) *premiums,*
- 6) *special price offers in transactions,*
- 7) *trademarks*
- 8) *prize games that are on the product packaging,*
- 9) *specially exposed products, and*
- 10) *Pos materials.*

According to Kahn and Louie (1990) campaign costs are directly related to sales results. Coupons prove to be a strong incentive for consumers to change the brand, but consumers sometimes return after buying a product with a coupon.

#### 4.4. Public Relations

Kotler and Armstrong (1996) is defined public relations PR as a function of management that evaluates public attitudes, identifies policies and procedures of the organization with public interest and implements a program of action and communication for the public to understand and accept them.

This definition contains three stages of the process:

- 1) *determination and evaluation of public attitudes,*
- 2) *identification of policies and procedures of the organization with public interest,*
- 3) *formulating and implementing a communication program that is designed to gain public understanding and acceptance.*

The functions performed by PR are as follows:

- 1) *creating the image and identity of the company,*
- 2) *crisis management,*
- 3) *relations with the press and press service*
- 4) *development*
- 5) *product publicity,*
- 6) *investor relations,*
- 7) *public affairs,*
- 8) *lobbying,*

Scott (2009) says the simplest measure of the effectiveness of publicity is the number of appearances to the media. People from PR give the client a book of newspaper clippings, which is a list of all the media that brought texts about the product. The media section is the part of the company's Web site that is dedicated to the media. It is very important that commercial companies have a good media section on their website as all people visit the media section, not just journalists. Visitors expect that the main pages on the website are static, ie they do not change constantly.

Table 1: Overview of the public relations mix

<b>PRODUCTS AND SERVICES</b>	
<ul style="list-style-type: none"> <li>➤ <i>The quality is the same as the promise of the same</i></li> <li>➤ <i>proof of quality</i></li> <li>➤ <i>third party support</i></li> <li>➤ <i>customer service</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>consumer relation</i></li> <li>➤ <i>Different quality magazines</i></li> <li>➤ <i>information services</i></li> <li>➤ <i>complaints</i></li> </ul>
<b>ETHICAL AND SOCIAL RESPONSIBILITY</b>	
<ul style="list-style-type: none"> <li>➤ <i>employee relations</i></li> <li>➤ <i>internal communication</i></li> <li>➤ <i>Community relations</i></li> <li>➤ <i>community involvement</i></li> <li>➤ <i>open days</i></li> <li>➤ <i>behavior in case of major accidents</i></li> <li>➤ <i>crisis management</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>environment</i></li> <li>➤ <i>education</i></li> <li>➤ <i>employment</i></li> <li>➤ <i>health</i></li> <li>➤ <i>security</i></li> </ul>
<b>CORPORATE IMAGE</b>	
<ul style="list-style-type: none"> <li>➤ <i>communication control</i></li> <li>➤ <i>corporate communication</i></li> <li>➤ <i>corporate overvaluation</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>design management</i></li> <li>➤ <i>logo, memorandum, reports</i></li> <li>➤ <i>buildings etc...</i></li> </ul>
<b>PUBLICITY</b>	

<ul style="list-style-type: none"> <li>➤ <i>public appearances</i></li> <li>➤ <i>lectures</i></li> <li>➤ <i>conferences</i></li> <li>➤ <i>events</i></li> <li>➤ <i>management of new events</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>media relations</i></li> <li>➤ <i>press conferences</i></li> <li>➤ <i>interview</i></li> <li>➤ <i>photos</i></li> <li>➤ <i>press releases</i></li> </ul>
<b>SPONSORSHIP</b>	
<ul style="list-style-type: none"> <li>➤ <i>selection of events: sports, players, team, activities, and charity events</i></li> </ul>	<ul style="list-style-type: none"> <li>➤ <i>event management</i></li> <li>➤ <i>support for economic propaganda</i></li> <li>➤ <i>image control</i></li> </ul>

*Source: According to Wantagepoint (2009).*

#### **4.5. Sponsorship as a form of promotion**

A large share of the funds intended for sponsorship goes to various sports competitions, such as:

- 1) *tennis tournaments,*
- 2) *car and motorcycle races,*
- 3) *basketball,*
- 4) *football,*
- 5) *handball,*
- 6) *volleyball,*
- 7) *skiing,*
- 8) *water polo,...*

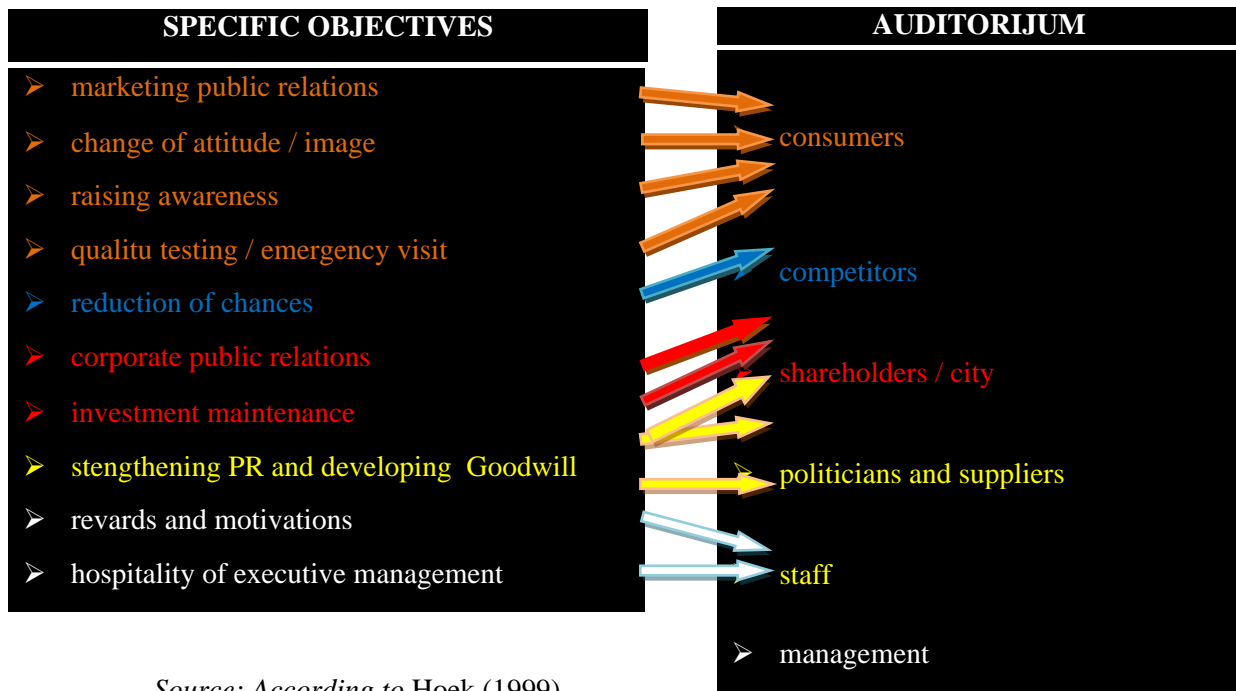
However, sponsorship is also attractive for many other trade companies, because it primarily enables them to present their names or products to visitors. The target group of sponsorship activities, as well as the applied criteria for the selection of sponsorship should be clearly defined. Overall, with all forms of promotion, great effort and effort is required to assess the extent to which those goals have been met.

Quester, i sur... (1998) they claim in this case, the following list of criteria that are very important for sponsorship will be provided:

- 1) *formation of event names,*
- 2) *name of the event*
- 3) *reducing the risk of event failure,*
- 4) *exclusivity of events,*
- 5) *good fit with the image,*
- 6) *long-term association of events,*
- 7) *new event,*
- 8) *chance for differentiation,*
- 9) *low risk and clear image,*
- 10) *inclusion of events in promotion and economic propaganda,*
- 11) *available media coverage,*
- 12) *measuring the audience profile,*
- 13) *employee morale,*
- 14) *budget constraint, ie. costs, and*
- 15) *entertainment for CEOs.*

Table 2 summarizes in detail the goals that the company wants to achieve as well as the audience that the sponsors are targeting. Logically, these and many other specific objectives need to be translated into a number of criteria, which can be applied when assessing the benefits of sponsorship.

**Table 2: Objectives of sponsorship in relation to the audience to which the message was delivered**



Source: According to Hoek (1999)

## 5. DECISIONS RELATED TO ECONOMIC PROPAGANDA

With regard to decisions related to economic propaganda, here will be considered the consideration of five basic areas of decision-making that the advertiser encounters, and these are mainly the following:

- 1) *comparing different alternatives for determining cost levels,*
- 2) *consideration of the choice of advertising agency,*
- 3) *creating advertisements and determining the best content and messages of advertisements,*
- 4) *comparing the quality of television, radio, press and other available media,*
- 5) *examination of access to timing, timing of advertising messages.*

Ward (1985) says in terms of macro-planning, in some specific sectors this trend may be even more pronounced, so that for example over 50% of advertising in the jewelry sector goes in the last quarter of the year. Allaway i sur.. (1987) they claim as some categories of food products, department stores and mail ordering, there is a tendency to advertise in the last quarter of the year. As far as micro-planning is concerned, there are a large number of models and programs for decision-making that contribute to the planning and selection of the promotional mix. Based on a three-year research of data related to sales volume and promotion costs, a model was developed that links promotion and sales volume

## 6. EFFECTS OF ECONOMIC PROPAGANDA

According to Ody (1987) since the main decision-making possibilities that trade companies face have been considered, it is necessary to briefly consider the way in which the effects of economic propaganda can be controlled. That is why strong trade companies invest more than 20 million dollars in advertising in the media, where there is a need to control the results. However, according to some research, less than half of the total number of strong trading companies are trying to find out how economic propaganda has an impact on increasing sales or profits. Already a third of the survey results estimate that more than half of the costs of economic propaganda were in vain, where one trader admitted that 75% was in vain, but that he did not have the courage to give up. As for the model for assessing the effects of economic propaganda, the AIDA model was created during the 1920s, where it starts from the fact that consumers move from phases, and this primarily refers to:

- 1) Attention - attracting the attention of consumers,
- 2) Interest - awakening desires and retaining interest,
- 3) Desire - where there is a phase to encourage desire,
- 4) Action - challenging the consumer to buy a product or action.

This model is known as the hierarchy of effects model. In the early 60's of the last century, the DAGMAR model was created, (*Defining Advertising Goals for Measured Advertising Response*), ie defining the goals of economic propaganda in order to measure its effects. This model has a series of phases through which the potential buyer moves from the phase of complete ignorance of the product to the phase of purchasing the product.

The consumer crosses different levels in the communicative spectrum, namely:

- 1) Ignorance - the customer has never heard of such a product,
- 2) Introduction - introducing customers to various products,
- 3) Thinking - the customer already knows the brand and the brand, thinks about what the product is,
- 4) Persuasion - persuading the customer to buy the upcoming product, and
- 5) Action - the buyer goes to buy the product.

The next model is CAC (*Cognitive Affective Conative*), it is widely used to respond to various stimuli. This phase is about thinking, feeling and making customers. According to Ehrenberg (1988) the next model is ATR (*Attention Trial Repeat*) which shows the stages of the impact of propaganda messages on the customer and:

1. Attention – the customer becomes aware of the product,
2. Trial – he customer buys the product to try it, and
3. Repeat – in the end the customer buys the product again.

King (1975) says at the level of the impact of economic propaganda on individuals, it is important that propaganda messages attract the attention of the individual. Consumers primarily form an opinion on whether the advertised product is interesting or not. A significant shift from the theory of hierarchy effects is the urgency scale. (*Scale of immediacy*)

However, this urgency scale suggests the following six levels of effects, namely:

- 1) *direct answer,*
- 2) *requesting additional information,*
- 3) *connecting advertising with wishes or needs,*
- 4) *the role of reminders,*
- 5) *changing attitudes,*
- 6) *strengthening existing attitudes*

Contrary to all these models, there is the HEM model (*Hedonic Experiential Model*), which means hedonistic model of attraction. This model primarily focuses on studying the influence, feelings, fantasies and entertainment of consumers.

## **7. MODERN RULES IN ECONOMIC PROPAGANDA AND PROMOTION**

According to Scott (2007) modern and new rules in economic propaganda and promotion are:

- 1) *public relations are not intended only for the public,*
- 2) *marketing means more than advertising,*
- 3) *people want authenticity and not the repetition of the same product,*
- 4) *the company represents what it publishes,*
- 5) *people want participation, not propaganda,*
- 6) *the Internet made public relations public,*
- 7) *companies persuade customers, based on online content, to decide to buy,*
- 8) *on the web, there are no clear boundaries between marketing and public relations.*

## **8. CONCLUSION**

Therefore, based on everything stated in this paper, it can be concluded that modern economic propaganda is a very applied form of promotion. First of all, it was applied precisely because it is efficient, without contributing to the creation of huge costs for the company. It is very important to perform in detail and professionally all the necessary steps in economic propaganda in order for it to be as successful as possible. This means that we would not waste money, but we should do that part of the job extremely professionally. However, if it happens that if we do not have experts within the company, then we need to hire some agencies that deal with advertising economic propaganda. It is also important to choose the right medium, which will convey the full message to customers and potential customers, as well as convince that the product can meet their needs and desires, and that the product is exactly what they need. Therefore, economic propaganda as a part of the modern marketing mix contributes to the achievement of business success and economic growth of the company. Not only economic propaganda is important for market success, but also product quality, competition activity, consumer behavior, the quality of the propaganda message, purchasing power, as well as many other factors. In order for economic propaganda to be successfully implemented, its nature, possibilities and shortcomings must be known, because only then will it be possible to use it properly and achieve the desired results. The same goes for the product and service being promoted. Economic propaganda must be carefully planned to ensure maximum success and reduce risk, at minimum cost. The best propaganda goals are specified and measurable, because one must know exactly what propaganda should do. As it has been suggested, some companies today spend over \$ 40 million a year just on media advertising, and they also spend on other forms of promotional activities. whether the money has been successfully spent.

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