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MODERN MARKETING COMMUNICATIONS IN THE FOREST SECTOR AS A FACTOR TO INCREASE THE ADDED VALUE IN TERMS OF COVID-19

Daniela Ventsislavova Georgieva, Radostina Popova-Terziyska

Abstract: The closure of international borders due to COVID-19 has made it difficult to plan the timing of orders along the entire global value chain. This negatively affected the ability to timely produce the desired and ordered customers' furniture. As a result, when communicating with customers and suppliers, a shorter period of validity of the price offer was introduced. It required a review and update of the price offer and additional delay in the negotiations. A study of the main marketing strategies of the Bulgarian companies in the furniture industry is needed to outline to what extent they have been able to meet customer expectations. This research presents the role and significance of modern marketing tools for furniture manufacturers and clients in crisis conditions. Hence, the trends in the furniture market compared to consumer desires in the context of the new working and living conditions. The research methodology includes a study of 85 Bulgarian furniture manufacturers. The data were collected using a large-scale questionnaire distributed on the spot during the months March-April 2022. In addition, 80 furniture consumers were questioned regarding the used and preferred marketing communications by furniture manufacturers. The questionnaires were distributed in the period of September-October 2022. The results of the survey show that furniture manufacturers in Bulgaria have not yet met consumer expectations, using mainly traditional marketing methods of communication.

Keywords: marketing communications, global value chain, forest sector, questionnaires

1. INTRODUCTION

In the last 2-3 years, the furniture industry has faced several global and national challenges. First, the COVID-19 crisis began, followed by a global shortage of raw materials, problems with transportation, an increase in the price of energy resources, and finally the war in Ukraine. Because of the digital revolution, traditional business models have changed and digital business models have emerged (Atanasov, 2022, p.19). This led to several difficulties and challenges for furniture companies, but it also opened up new opportunities. This leads companies to focus on the processes of optimization, automation, and robotization of production, search for new raw materials, new energy sources, and improvement of energy efficiency in the manufacturing process. More and more furniture companies are realizing the importance of technological innovation and digital marketing tools to attract and keep their customers.

The furniture market in Bulgaria has been developing very dynamically in recent years. Consumer preferences are growing, which leads furniture production to be increased by over

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25% in 2021, furniture exports - by over 30%, and imports - by over 38%. Over 4000 are enterprises in the furniture industry which calculates 3% of the GDP of the country (Economics, 2022, p. 44). A large part of purchases goes through the five largest furniture chains in Bulgaria - JYSK, Videnov, Aiko, IKEA, and INTERIOR-I, which provide more than half of furniture sales in the country. Over 85% of the furniture is destined for export, the demand for upholstered and kitchen furniture increase, meanwhile purchasing of office furniture and commercial furniture decreases. Industry experts explain this with the ongoing trend of home-office ways of working, which encourages consumers to make their homes more comfortable and functional for living and working (Jivkov, 2022). As a result, leading furniture companies operating in the Bulgarian market report an increase in online sales by 20% in 2022, compared to 2016 (Capital, 2023). Consumers rely heavily on prior online research regarding product offerings and prices to find the most suitable choice for themselves, and then carefully choose which retailer they will physically visit to make the purchase. In general, online furniture sales are increasing, but a visit to a physical store, where the customer has the opportunity to receive professional advice, is still a preferred option.

The primary goal of all marketing activities is to create value for the consumer by choosing online instruments to maintain lasting relationships with customers. According to Drayse (2008), furniture manufacturers use the capabilities of information technology to manage their production process, logistics, and supply, which in turn helps to accelerate the process of globalization. Essential in this process is the effective use of social media as well as virtual reality pictures, timely updating of websites, effective use of content marketing, innovative banners, and easy payment methods (Popova-Terziyska, 2021). According to NSI data, in 2021, 51.9% of all Bulgarian companies have a website, but only 11.8% of them sell their goods and services online. Although social media is one of the most frequently used tools for advertising and communication with customers in 2021, only 38.9% of all Bulgarian companies use this tool effectively for their digital marketing purposes. Research in the field of the furniture industry shows that even Bulgarian furniture manufacturers have not reached the necessary level of digitalization that corresponds to the environment in which they operate (Georgieva, 2022). Very little progress has been made in terms of connectivity, especially in the implementation of online stores and 3D applications. Even though the COVID-19 pandemic has forced the introduction of innovative forms of communication with buyers and suppliers, based on digital tools and instruments, Bulgarian furniture manufacturers have not yet taken advantage of all the functionalities of the digital environment to create competitive advantages.

The main goal of the paper is to outline customer expectations about the digital marketing strategies and tools provided by furniture manufacturers. More specifically, the object of analysis is the type of advertising and the functionalities of the company's websites. The used scientific methods and approaches are the logical, inductive, and deductive approaches, as well as the survey method. The object of research is on the one hand furniture enterprises in Bulgaria, and on the other hand - end customers. The main conclusion of the study is that furniture manufacturers are neglecting customer preferences when advertising their products as they use mainly traditional digital instruments. In addition, they do not see the use of social media, 3D interactive images, and functionality of the company's website as factors improving the popularity of the brand and the image of the enterprise.

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2. SURVEY METHODOLOGY AND RESULTS

To study the used online advertising practices of furniture companies in Bulgaria, 85 medium and large enterprises, were surveyed. The survey was conducted in March-April 2022 by the use of questionnaires. The questionnaire includes 33 closed and open questions and was distributed on the spot (in the territory of Bulgaria) by the use of interviewers. The response rate of the selected entities is 23%, and the respondents are representatives of the management staff of the enterprises. The study of statistical relationships and dependencies is based on the Chi-square test, and the measure of association is done by the use of Cramer (V) with the program IBM - SPSS Statistics.

For consumer opinion research, a questionnaire with 7 open and closed questions was distributed on the spot in front of Videnov, IKEA, and Aikov shops in Sofia. The study was carried out during the period of September-October 2022 by students from the University of Forestry in Sofia. The response rate was 15%. From a socio-demographic point of view, the respondents are in the 25-50 age group, and around 80% of them are at the age gap between 25-35 years old. Primary customers of the shop were families where both partners (male and female) were visiting the shop. The majority (85%) of the respondents visit the shop after making research in the online catalogue of the manufacturer.

The results of the study of the furniture companies are indicative that 41.2% of them have developed and implement new changes in sales and distribution methods in the last 12 months. However, only 30.6% of them use social media (mainly Facebook), and 36.5% - electronic media as a tool for sharing marketing news and offers for upcoming discounts. Enterprises are mainly presenting their products during fairs and exhibitions (40%) and hence distributing company paper catalogues (56.5%).

89% of the respondents point out that they have an internet page, and for 80% of them, their page is the main channel for advertising. However, only 56.5% of businesses claim that the information on their website is up-to-date, while 40% report that their website is static and provides general information about the company. Of the respondents who have a website, 41.2% indicate that their customers can make online orders, and 25.9% - that customers can also pay for the goods online. 20% of companies offer the possibility for customers to generate 3D interactive images before ordering, and 5.9% have an augmented reality option. It is noteworthy that, even though a relatively large percentage of the companies under study are using paper catalogues, 31.8% of the respondents have electronic catalogues with complete specifications of their products, which they use to attract customers. Only 11.8% have developed mobile applications and use a similar channel for communication with their customers and advertising purposes.

Consumer survey data indicates that 70% of respondents trust humorous furniture ads with little text in them and more visuals. Although they would pick up a paper catalogue from the store, the priority is online catalogues and advertisements, which are the real reason customers come and physically look at the products at the store. In this respect, nearly 80% prefer to buy furniture primarily from furniture stores that have functional and detailed websites, electronic catalogues, and online payment options.

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When choosing to buy furniture, 70% would trust recommendations from acquaintances and friends, while 30% rely on social networks, reviews, and comments of other users. Consumer preferences are to live in a smart home, so they want the furniture manufacturer to understand this need and to integrate different options for easy access to the remote controls of the smart home in the furniture. The respondents are more willing to buy furniture in light colours, natural textures, and natural elements. The majority of the respondents like a golden accent in the furniture, however, the furniture must fit in rooms with different wall colours preferably in brown and grey, and white for the bathrooms. However, before making the relevant purchase, they prefer to have the option to see how the selected furniture will relate to the rest of the decor through the use of 3D interactive images.

3. DISCUSSION

Based on the collected and analyzed data from the surveyed customers, we can state that they rely on entertaining advertisements in the Internet space. However, such a tool is neglected by the analyzed furniture enterprises. The majority of surveyed customers are young people in the age group up to 50 years, who constantly use mobile devices and smart applications in their daily lives. The changes caused by COVID-19 and the new way of working, mainly the home office, is the reason why customers rely even more on online orders, the possibilities for an interactively presented product, and more functionalities on the companies' websites, incl. the use of 3D interactive images. However, based on the data from the surveyed furniture enterprises, no statistically significant relationships were reported between the use of 3D interactive images and the image of the enterprise (Cramer's V: 0.094, $p > 0.05$). There were no statistical relationships and dependencies between the popularity of the brand and the possibility of generating 3D interactive images from the company's website (Cramer's V: 0.150, $p > 0.05$). A weak statistical relationship was calculated between the popularity of the brand and the presence of electronic catalogues with full product specifications on the company's website (Cramer's V: 0.215, $p < 0.05$), which, however, is a marketing tool used by a significantly small proportion (about 32%) of the respondents.

Although social media is part of the marketing tools of the surveyed businesses, they mostly post data on Facebook. With the development of other social media such as LinkedIn, Twitter, and Tiktok, the use of Facebook is mostly by users in the age group above 40 years. This requires furniture companies to use other social media to target representatives from other age groups. Advertisements in these media should, however, be focused on customer preferences and based on in-depth marketing analysis, which the surveyed furniture enterprises do not make. No statistically significant relationships were calculated between the use of social media and the popularity of the analyzed furniture companies (Cramer's V: 0.093, $p < 0.05$). On the contrary, an average statistical relationship was calculated between the use of print media for advertising purposes and brand popularity (Cramer's V: 0.375, $p > 0.05$). It should be noted that the development of one's brand and the creation of a marketing strategy for this should be a priority for the enterprises of the Bulgarian furniture industry, which currently works on the principle of "toll manufacturing".

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The low level of digital tools used for communication with customers corresponds to the overall development of enterprises in Bulgaria in this area. Although the paper does not present factor analysis as a prerequisite for this negative trend, such can be sought firstly in the overall managerial vision for the main advantages of the company and the factors for achieving competitiveness. In this context, the surveyed companies do not consider their marketing strategy among the main factors of competitive advantage. Priority is given to product quality, value for money, and design. The above is not surprising taking into consideration the current inflationary situation in the country and the decrease in demand for low-budget furniture, where the price, not so much advertising, has a leading role. Essential to the use of digital tools is the availability of qualified personnel for this purpose. However, 45.9% of the surveyed enterprises indicate that they did not conduct training for their staff in the last 12 months. However, the preservation of the current staff and their professional development should be among the priorities of the enterprises in our country.

3. CONCLUSIONS

The analyzed furniture companies mainly rely on traditional methods of advertising such as visiting fairs and exhibitions, paper catalogues, advertisements in print media, etc. Even though the COVID-19 pandemic has forced the introduction of innovative online instruments for communication with customers, Bulgarian furniture companies have not yet taken advantage of all the functionalities of the digital environment to create competitive advantages. However, the current marketing strategies adopted by them do not meet customer expectations. The broadcasted negative news on television and radio, customer psychology is increasingly looking for fun and light forms of advertisements. At the same time, however, Bulgarian furniture companies are unprepared and have a typical "traditional" marketing attitude toward customers. As a reason it can be stated that furniture companies still do not consider modern digital marketing instruments as a way of attracting customers, improving the company's reputation and brand popularity.

As a result of the current geopolitical situation in the world, the countries of Western Europe are starting a massive search for suppliers of raw materials, not from China, but from Eastern Europe. Bulgaria must take advantage of this and actively participate in the Global Chains for the creation of added value by attracting new partners and investors looking for alternatives to move their production from Asia to Europe.

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