



Ensuring Competitiveness of Advertising in the Organization Management System

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ABSTRACT: This article deals with the specificity and economic aspects of advertising at various stages of the reproduction process. The functions of advertising as the element of non-price competition in the economic environment are systematized; the features of advertising as the element of exchange subsystem in the system of production relations are defined in this study. The specificity and economic content of advertising as the element of non-price competition are determined by the stages of the reproduction process. Advertising performs the function of exchange in the system of production relations, and it is a market instrument for influencing the needs of potential consumers, in order to form a steady demand for a product (service). Management of the advertising competitiveness involves the impact on the system of production and marketing activities of the enterprise. The creation of interactive advertising and information system is one of the ways to increase the competitiveness of advertising.

Keywords: Non-price competition, advertising market, competitiveness of a product (service), direct and indirect advertising.

I. INTRODUCTION

The current stage of development of market relations, the strengthening of the role of advertising as an important component of the enterprise's competitive strategy have determined the advertising as a specific market segment. The specific content of advertising is defined by the fact, that it aims to attract consumer attention to the market components taken together: goods (services), prices and characteristics of market subjects. The annual growth of the advertising market, both locally and globally, indicates a dynamic development of this economic sector. Management of advertising activity is becoming one of the specific functions of the management system of the organization as a whole.

Actual problems of creation of holistic concept of an effective economic mechanism, associated with the implementation of promotional activities in a competitive environment, defined the purpose of the study as a theoretical and methodological analysis of promotional activities and mechanisms for the formation and ensuring of advertising competitiveness.

II. MATERIALS AND METHODS

The theoretical and practical basis of the research was the works of foreign and domestic scientists on the problem under study, as well as the materials of scientific-theoretical and scientific-practical conferences and seminars. The methodological basis of the research is general scientific methods of cognition, including the methods of historical and logical analysis, synthesis, methods of systemic, structural and functional analysis. In this article, the results of the study are methodologically substantiated by the statistical data,

review of secondary data, as well as high-quality content analysis of analytical references and recommendations.

III. RESULTS AND DISCUSSION

The retrospective analysis of advertising activity shows that in the course of development of commodity production, the advertising becomes a special market segment, which is inextricably linked with changes in socio-historical conditions and socio-economic relations. The specifics, the nature of manifestation and functioning of advertising in our study are disclosed at the following stages of society development: pre-industrial, industrial and informational. Advertising activities have specific content at each of these stages. There are two concepts, which interpret the influence of advertising on the effectiveness of the market. The traditional, "static" market theory emphasizes the negative impact of advertising on the market mechanism. It is believed, that advertising is aimed only at switching market demand from the products of one competitor to the products of another, and thus, serves as a source of increasing the total costs of supply and prices, paid by the consumer.

The so-called "dynamic" theory emphasizes the role of advertising in expansion of market demand and creation of guarantees, that the demand for the products of firms will be maintained at a level, allowing to achieve savings from a large-scale production. Advertising can lead to higher output and lower prices, than those, which are possible in the framework of the static model.

Advertising information helps to establish connections between commodity producers (sellers) and consumers (buyers) of advertised goods and services. The secondary nature of the advertising market makes it possible to determine the following pattern: the stiffer is

the competition in the commodity market, the more intensively the advertising market develops.

The specific feature of the advertising market is the emergence of asymmetric information, when one of the parties (advertisers) is more aware than the other (consumers). In this regard, the problem of credibility and fairness of advertising may be pointed out.

As an effective mechanism for coordination of the advertising sphere, we propose the creation of a system of institutional regulation of advertising activity, including not only legislation in this area, but also the codes of conduct, customs, establishing generally accepted ethical and bona fide norms in advertising activity. It is necessary to create the effective self-regulatory bodies in the sphere of advertising activity, joining the participants of the advertising market and all interested persons, with the aim of development of common rules of behavior.

In terms of modification of competitive relations, which consists in the prevalence of awareness of market participants, moving from competition to cooperation, orientation to the individual consumer, advertising performs a number of functions, presented in Fig. 1.

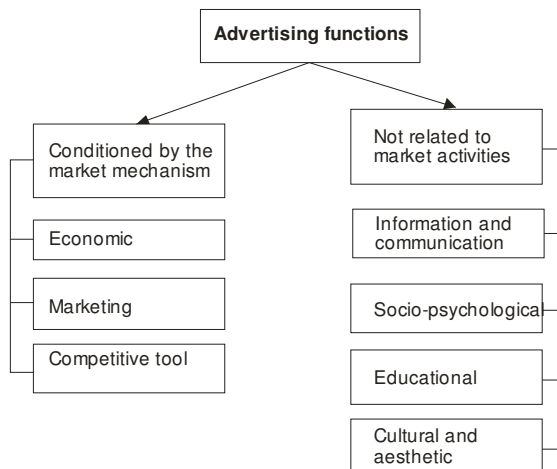


Fig. 1. Advertising functions in the economic environment.

In the process of advertising, it is necessary to carry out the fragmentation of the audience, because mass impersonal advertising becomes less effective. Individualization of advertising and change of its forms (transition from direct to indirect) is one of the most important conditions for increasing the effectiveness of advertising. In a competitive environment, it is necessary to use the advertising, which differentiates products and services of competitors, and not only promotes a product or service in general.

In order to increase the effectiveness of advertising, it is advisable to create an interactive advertising and information system, which will allow the use of advertising on demand, due to which the consumers will be able to select and to order advertising information; to provide with the help of new advertising tools the access to the databases in various areas, aiming to satisfy the awareness [4]

The main means of individualization and targeting of advertising, as the necessary conditions for the development of advertising activity at the present stage, in our opinion, are the following: the positioning of advertising as an assistant to the buyer, and not only as a means of sale; higher selectivity of advertising means, which will allow to send individualized messages to a

carefully selected target audience; the creation of personalized advertising systems, for example, via e-mail, cable TV, etc.

In a competitive environment, there is a need to create competitive advertising. The marketability of the product of advertising activity is defined by us as the ability of the product to get ahead of the economic entities, existing in the advertising market, due to its new qualitative and timing aspects.

Competitiveness means the possibility of interconnection of all its elements, in order to meet the demand of consumers and to make profit by the enterprise [2]. It is necessary to structure the aspects of competitiveness; to identify the factors; clearly describe the composition of the elements of advertising competitiveness; to define their relationships. This will help to substantiate the effective approaches to the evaluation and analysis of advertising competitiveness, to disclose existing reserves, and to determine strategic directions for its improvement. Management of advertising competitiveness involves the impact on the entire system of production and marketing activities of the enterprise, and the consideration of the system of factors of competitive environment.

In our opinion, the competitiveness should be assessed primarily from the perspective of the consumer, since the main task of advertising is the formation of sustainable demand. However, the advertising producer, the advertiser and even the advertising distributor are responsible for the creation of competitive advertising product.

We have developed the model of advertising competitiveness, including a set of its interacting elements, taking into account the interests (benefits) of consumers, participants in advertising production, as well as the indicators of effectiveness of government regulation.

According to this model, the social aspect is prevalent, since it considers the interests and benefits of end users, and includes such essential features of advertising competitiveness as informativeness, reliability, integrity, accessibility, consumer novelty, usefulness, creativity, and social targeting.

Informativeness is a quality of information on the competitive advantages of the product, as reflected in the advertising message. Availability and reliability are the measure of informativeness as a criterion of competitiveness. Moreover, the reliability of advertising is defined as containing information, corresponding to reality. The informativeness is based on the requirements for presenting a mandatory minimum of information to the consumer, which is established in the Consumer Right Protection Law of the Russian Federation. The sufficiency of information is evaluated from this standpoint. The most relevant advertising criterion is trustworthiness. In an effort to oversell the advertised object, the advertiser is on the path of violating the regulatory requirements for advertising.

Originality and uniqueness of advertising are evaluated by the criterion of consumer novelty. As previously stated, this is a product of creative, productive activity, as a result of which a new product is formed. In this case, the creative, artistic image of the product (service) presentation in advertising is very important.

Social targeting of advertising allows to take into account the individual needs of consumers and the needs of social groups. In the conditions of society informatization it is necessary to move away from impersonal advertising, making the personification of the advertising message. Advertising should help the

manufacturers and sellers to promote the products, designed for different types of consumers. In this regard, the usefulness of advertising lies in the possibility of choosing the existing alternatives and properly assessment of their consequences.

The production aspect takes into account the interests of advertising producers, distributors, and customers. It includes the following indicators of competitiveness: economic indicators (profit, volume of sales, return on sales, cost of production, etc.); financial (capital increase, financial stability); marketing (market capacity, market share, prestige, loyalty, level of consumer awareness about the advertising agency, etc.); technological indicators (the level of equipment use, manufacturability, production time, the possibility of manufacturing the unique or modified product, the level of personnel qualification, etc.). It should be noted that this aspect reflects the effectiveness of promotional activities.

The effectiveness of state regulation is expressed in the form of the fulfillment by state bodies of the function of advertising activity regulation, supporting competition in the market, including advertising.

As the conditions for improvement of advertising product competitiveness, it is necessary to create the effective mechanisms for self-regulation of advertising activity, focused on the functioning of the norms and customs of the advertising business, shared by all market participants. The use of self-regulation is particularly necessary in the conditions of competitive relations, when the firms, which conduct conscientious activities, have the opportunity to increase the loyalty of consumers to them.

IV. SUMMARY

The proposed model of advertising competitiveness allows to determine its content from the standpoint of various subjects of market relations: consumer, producer, seller, state; to provide a variety of parameters, which affect the competitiveness of advertising; to plan and implement the strategies of production, promotion and marketing in such a way, that the advertising to be effective, and ultimately will be able to determine the competitiveness of the advertised goods and services.

Thus, the conceptual basis of advertising activities at the present stage is the strategic orientation of the advertiser to the creation of competitive advantages through advertising, in order to ensure the effective interaction of the advertiser with the consumer.

V. CONCLUSIONS

The dynamics of the global development of advertising technologies is a decisive trend in the evolution of technical aspect of advertising activity, which is focused on the search for communication tools, in order to improve the efficiency of consumer management. Market information stimulates the development of advertising technologies in the direction of market globalization, using the advanced advertising media. It should be taken into account, that the content, form and degree of impact of advertising activity on the economic system of society are significantly affected by different socio-economic potential, standards of living, cultural traditions of different countries, and crusted habits of the consumers of advertised goods and

services. Thus, in the industrialized countries, advertising acts not only as a tool, which forms consumer demand, but rather as a means of providing information to the market participants. Moreover, in these countries, the objects of advertising are the services, durable goods, high-tech products, and real estate. Whereas in developing countries with unsettled consumer preferences and, in most cases, with insufficient effective demand, advertising is used for the promotion of goods of prime necessity, occupying one of the main items of expenditure in the consumer budget. The impact of promotional activities is manifested in stimulation of production efficiency, circulation of goods and their consumption. The direct influence of advertising on social production lies in the fact that it helps to optimize the production. The firms, whose goods (services) are not in demand, will be forced to either leave the market, or diversify their production. Thus, the optimal production structure is achieved, allowing the most efficient use of all available economic resources.

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