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Aspects of Organization and Management of Enterprise Marketing Activities

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ABSTRACT

Market situations are changing very rapidly. Almost every day there appear new market outlets, trade associations are expanding as well as the means of disseminating information about the products and its realization methods change in a truly breakthrough way. Marketing is all around us - in all the spheres of consumers relations, starting from offer or using the services of education or health environment and ending by the queue at the post office and a trip in a intercity express train, as well as at various financial transactions. Knowledge of the true meaning of philosophy and practice of marketing will help to adapt the enterprise to market needs and thereby strengthen its position in the market. Each enterprise should use marketing techniques to identify and assess its capacities, to choose those that enable creating the products of the highest consumer value. Therefore, the purpose of marketing activity of enterprise is to accurately identify the need for the product and to plan possible volumes and prices of its sales, to choose the most effective distribution channels and to bring the products to the consumer within a short period, to create maximum comfort for a quick “meeting” of the product with end customer by promoting policy.

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1. INTRODUCTION

The necessary conditions for self-sufficiency and self-financing of enterprise in market conditions are the focus of production on consumers and competitors, flexible adaptation to changing market conditions.

Marketing, of course, responds to changes in the market, but aims to identify the needs and requirements of potential customers, identifying of target markets with further development of respective products and services for them, as well as complex of maintenance activities. However, marketing is more than just a variety of economic activity; it is a philosophy that integrates the entire organization. The purpose of marketing is to build strong, long-term relations with customers, satisfy their needs to own benefit. To ensure the complete customer satisfaction, the marketing department specialists need to have close cooperation with all the rest staff of the organization.

The essence of today's marketing theory and practice is the creation of customer value and customer satisfaction. Marketing can be explained in the easiest way as getting profit by the customer satisfaction. Its purpose is to attract new clients by promising the highest consumer value and retain old customers constantly meeting their changing needs.

The basis for the study served the scientific works and the developments of Russian and foreign scientists in the field of management of marketing logistics, governmental regulation of logistics processes. The following methods of analysis and synthesis were used in the work during research process; comparative analysis, the methods of logical modeling, etc.

2. ESSENCE AND CONCEPTS OF MARKETING ACTIVITY, MARKETING PRINCIPLES

When taking decision to purchase a product or service, consumers rely on their perception of the relative value. Customer value is the ratio between the benefits that the consumer receives as a result of the acquisition and use of the goods, and its cost. Customer satisfaction is the degree of coincidence of the characteristics (properties) of the goods, subjectively perceived by client, with the expectations associated with this product (Seleznev & Orekhov, 2008). Customer satisfaction directly depends on the quality of the goods.

Marketing occurs when someone decides to meet their needs and demands by exchange. In addition to doing short-term deals, the seller is interested in long-term relationships with the customers, distributors and suppliers.

Marketing management is accomplishing the task which aim is to achieve the desired level of exchange with the target markets. Company marketing activities are guided by five concepts: improvement of production, improvement of goods, intensification of commercial efforts and marketing approach and socio-ethical marketing (Zaitsev, 2009).

Conception of Production Improvement

Marketing conception suggests that the achievement the goals by a company depends on definition of needs and demands of target markets, as well as better consumer satisfaction if compared with its competitors. This conception is repelled by a clear definition of markets, focused on customer needs, coordinates all the marketing activities aimed at customer satisfaction, and gains profit from the creation of long-term

relationships with customers. Marketing conception allows producing what consumer demands, combining customer satisfaction with profit.

The conception of production improvement is based on the assertion that consumers prefer those products, which are widely distributed and are available at a price. Therefore, the management should be aimed at improving the production and efficiency distribution.

This conception is relevant in two cases. The first is when the demand for goods exceeds the supply. This case, the management should look for ways to increase production volumes. Second is when the cost of goods is too high and the increase of productivity enables to reduce it.

In comparison, the essence of the conception of social-ethical marketing lies in the fact that the company not only identifies the needs and demands of target markets, but also provides a combination of customer satisfaction and long-term social well-being. (Example: the Coca-Cola Company - negatively, Jonsen & Jonsen - positively). This conception calls on marketers to achieve a balance between three targets of marketing: the company's profits, the needs of consumers and the interests of society (Azoev & Yakhin, 2001).

Principles of Relations between Society and Marketing

Initial principles of modern marketing are the principles of relations between society and marketing.

The first principle is the principle of freedom of consumer and producer. It lies in the fact that the decisions related to marketing (as far as possible), should be taken by consumers and producers in conditions of relative freedom. Marketing freedom is important, if the marketing system is designed to provide high standards of living. Thus, the producer can reach the greatest success if its products will meet the consumer demands.

The second is the principle of limiting the potential damage. The bottom line here is that the political system restricts the freedom of producers and consumers only in order to prevent such relations that create a threat of damage to producer, consumer or a third party. In this case, it is determined whether actual or potential damage is sufficient to justify such intervention (Grishchenko, Kireev, Dubrova, Yanenko & Vakulenko, 2016).

The third is the principle of satisfaction of basic needs. Marketing system should be used to satisfy the needs of both rich and poor consumers. Market participants should strive to meet the basic needs of all people.

The fourth is the principle of economic efficiency. Marketing system aims at efficient presentation of goods and services. To increase the effectiveness of marketing it is necessary to create and maintain a competitive environment. The presence of constant competition and well-informed buyers maintains high quality of products and relatively low prices. Competition brings out the best products and services.

The fifth is the principle of innovation. Marketing system stimulates pioneering work and constant updating of the existing product range to meet the needs of different market segments (Ragulina & Zavalko, 2013).

The sixth is the principle of consumer education and information. Effective marketing system does not skimp on the costs associated with education and informing the consumers, which enables to meet the needs and improve the welfare of consumers in the long run.

The seventh is the principle of consumer protection. Modern products are so complicated that even educated consumers cannot give them a qualified evaluation. Relevant government venture should evaluate the security conditions of all kinds of goods. It is necessary to ensure the integrity and professionalism in the sphere of services. Consumer protection system prevents the attempts to mislead consumers, and the practice of imposing purchases when consumers feel particularly unprotected.

These principles are based on the assumption that the aim of marketing is the maximization of quality of living (Dell & Linda, 1996).

3. BASIC MARKETING PRACTICES: SEGMENTATION, DIFFERENTIATION, CREATION OF COMPETITIVE ADVANTAGES

Due to the use these practices, marketing knowledge becomes a set of specific strategies that guide a company in its marketing activities. In most cases, companies achieve success by focusing on the group of consumers to which they can serve better, than anyone else. Therefore, segmentation can be distinguish as a compromise between mass marketing which involves the use of one and the same product (Oleinikova et. al., 2016), promotion and distribution methods regardless to specific needs of consumers, and the assumption that marketing should apply an individual approach figuratively to each person. Today target marketing is used in practice that is a decision on identification of different groups of consumers that make up the market, and developing appropriate products and marketing systems for selected target market.

The main steps of target marketing are market segmentation and selection of target market segments; positioning the goods in the market. Segmentation of the market is division of market into well-defined groups of customers, each of which requires individual products and marketing systems. To find the best opportunities in segmentation the marketer is aimed to conduct market segmentation based on various variables (Kotler, Armstrong, Sondul & Wong, 1999). In the consumer market segmentation, the bases are geographical demographic, psychographic and behavioral principles.

Segmentation according to geographical principle involves opening to the company two possibilities: either concentrate its activities on one or more of these geographical segments, or to act immediately in all segments, but with particular attention to the difference in the periods and the needs of customers, due to their geographical location.

Most frequently used is demographic principle which lies in division of market in consumer groups based on variables such as age, sex, family size, family life cycle stages, level of income, education, etc.

Psychographic segmentation divides buyers into different groups based on principles of belonging to a social class, lifestyle or personality characteristics. According to lifestyle, market is divided into three main segments: (a) sober sides whose expenses are limited to the size of income; (b) the average majority - people seeking for success and prosperous people; (c) innovators - a segment that consists of transient and reformers (Vakulenko, Egorov & Proskulikova, 2015).

During segmentation according to behavioral principle, the customers are divided into groups depending on their knowledge of goods, attitude to it, its use or means of realization of goods.

There defined segmentations as per the reasons for purchase or the use of goods - purchasers are divided into groups on the basis of the reasons that contributed to the idea of purchasing the goods, the actual purchase of goods or the use of previously purchased goods.

The main variables used to segment markets of organized consumers are the demographic principle, process variables, the system of procurement organizations, situational factors (urgency, requests for product, ordering size), individual characteristics (similarity between customer and seller, relation to market).

The core strategy points to the company the direction needed to be followed to gain success in the market, which it has set for itself as a target. With the help of differentiation, it develops the strong points so as to satisfy the needs of target market, then, by its positioning in the market, it controls the ability of consumers to conceive the company and its products.

Differentiation helps to extract own benefit from competitive advantage. It gives it a competitive advantage. If the company does not stand out among the other competitors, it will be forced to fall back upon price competition.

According to al., Ries and Jack Trout, "Positioning starts with a product, a component of the trading process, the company and even an individual..." But positioning is not what you do with the product but what you do with the perception of potential consumer. Otherwise, you position the product in the mind of potential consumer (Seleznev & Orekhov, 2008).

Marketers plan to take precisely those positions which would ensure their products the greatest advantage in selected target markets and develop marketing programs.

To succeed, the company needs to focus on the customer - to be of a greatest value to its target customers. They need to know everything not only about creating products, but also about the creation of a certain value orientation with consumer, which is closely associated with the company; they must master not only the technology of production of goods but the technology of market. The value provided to the consumer is the difference between total customer value and total customer costs - "benefit" of consumer. Consumers tend to choose the offer that provides the highest possible value.

The level of customer satisfaction is the feeling that the customer experiences after he assures that the product or service to a certain extent meets his expectations. The consumer is simply satisfied when his expectations are met, and delighted when they exceed its original expectations. Satisfied customers are usually longer retain their loyalty to company's products, buy more, are less sensitive to price and have good feedback about the company.

To achieve a certain level of satisfaction, companies must control their value chains and systems of value provision. The goal of the company lies not only in attraction but also in keeping the consumer. Marketing of relations with consumers suggests the creation of financial and social benefits, as well as structural links with consumers. Companies should determine the level at which they wish to build relationships with various segments of market and individual consumers.

In order to ensure an appropriate level of customer satisfaction and profitability, the main approach is a comprehensive quality management. Companies should understand the way the consumers perceive quality and what they expect. It is necessary to try satisfying consumers' expectations in terms of quality better than the competitors do.

According to the conception of marketing, the organization achieves competitive advantage by developing offers that meet the needs of target customers to a greater extent than its competitors do.

Competitor analysis includes: identification of major competitors; collection of information on strategies, objectives, strengths and weaknesses, and the spectrum of possible reactions of competitors.

The more one company's strategy is similar to the strategy of another; the higher is the level of competition between them. The most intense competition takes place within a strategy group (a group of companies following one strategy), but there is also a competition between the groups. Companies need to analyze the quality, performance and completeness of each competitor product, as well as to know all about the customer service, pricing policy, the area of goods distribution, the strategy in terms of personnel, advertising and sales promotion.

The preference of this or that competitive marketing strategy is given, depending on the company's position in the industry and its objectives, capabilities and resources, the type of company.

4. FORMATION OF ENTERPRISE TRADE AND PRICE POLICY

Trade policy is a policy aimed at use of product as a means to achieve competitive advantage through differentiation, designed for the customer needs and desires (Seleznev & Orekhov, 2008).

To meet the ever-changing demands of customers, enterprises have either to adapt their current range of offered products for them or to create new products, or make use of advantages of new technological and marketing opportunities.

Goods is all that can satisfy the desire or need and is offered to market in order to attract attention, to be bought, used or consumed (physical objects, services, people, places, ideas).

To keep the position of product in target market, enhance its customer value, it is necessary to improve the quality of the goods to the absolute. But enterprises rarely offer goods of the highest possible quality - few buyers can afford buying high-quality goods. Therefore, enterprises choose the quality level that meets the needs of target market and the quality levels of competing products. Total quality control method offers to prevent the occurrence of defects due to changes in product design and improving production processes. Integrated quality is a powerful weapon in the struggle for winning "total satisfaction of needs" (Zaitsev, 2009).

The level of goods support services significantly contributes to the success of the goods with the buyer.

Trading strategy includes not only individual solutions for goods, but also requires the union of all the offers in a single portfolio with solutions related to product range. The enterprise should pay careful attention to planning of product range expansion, as together with addition of new products individual cost items increase.

Pricing policy is a setting of price by enterprise now at such a level and its change depending on the market situation, to achieve long-term and short-term objectives (mastery of a certain market share, leadership, achievement, profit maximization, survival) (Day, 2002).

The company sets price in the range of too low, unable to provide the required level of profit, and too high at which the demand disappears. The lower limit is determined by the cost of production, the upper - by consumer perception of the value of goods (demand). To determine the optimal price the prices of competitors and other factors should be taken into account.

The following strategies can be used in the formation of prices.

1. The method of “cost plus markup”. Here the demand is not being studied, and the price “P” includes variable costs “C”, fixed costs “F” and desired profit per one product, with the estimated sales volume “V”.

$$P = C + F/V + S, \quad (1)$$

where, P – price; C – variable costs; F – fixed costs; V – estimated sales volume.

This method is effective only in cases if the set price leads to a planned level of sales. This method is used in at conclusion of governmental contracts for the supply of new or unique equipment. The popularity of this method is explained by the following reasons: the value of the costs is understood more precisely than the demand; price competition is kept to minimum; with an increase of demand the sellers do not cash on buyer (Kobersy, Karyagina, Karyagina, & Shkurkin, 2015).

1. Price formation on basis of break-even (provision of target profit).

The price is set so as to cover the production costs (the price which ensures break-even production) and promote the goods; or set prices on the planned level of profit.

$$\text{Break-even volume} = F / (P_{\text{unit}} - C_{\text{unit}}), \quad (2)$$

2. Price formation on the basis of the product value.

The price is set based on the perception of product value by purchaser but not based on the cost. Analyzed are customer requirements and the perceived value of the planned product and the price is set so as to reflect the view of consumers on the value of goods.

Defined is the demand elasticity indicator - the ratio between the percentage of sales volume change and the price change percentage. Knowing the importance of demand for different products in a competitive market allows defining the directions of suitable price correction.

3. Price formation based on competitors’ behavior record.

Prices are set based on competitors’ prices. It is necessary to take into account the types of the competition. Within the framework of the chosen strategy, taken are the decisions for implementation of pricing strategy.

The price policy should be corrected taking into account the stage of the life cycle of goods. On the stage of “product penetration into the market” there used is the policy of “skimming”. On the stage of growth, orientation is focused on long term perspective. At the stage of maturity - price policy is aimed at obtaining short-term profit, but on the decline stage, there should be applied discounts until new article appears (Fatkhutdinov, 2002; Shkurkin et. al., 2016).

5. THE TOOLS OF PRODUCT PROMOTION COMPLEX

Today’s marketing is not just a development of a good product, determining its price and providing to buyers. In addition, the enterprises have to enter into relationships with current and future customers.

The complex of marketing communications is a specific combination of advertising, personal selling, procedures for sales promotion and organization of public relations used by enterprise for achieving the marketing objectives.

Advertising is any paid form of non-personal presentation and promotion of idea, goods and services, which is ordered and financed by the specific sponsor (Podlipaev, 2006).

Advertising, i.e. the usage by the seller of paid media to inform, persuade and remind about their products, it is a powerful means of promoting. Decision-making in the field of advertising is a process consisting of making decisions about the objectives, budget, advertising appeal, means of dissemination and evaluation.

Advertisers must set clear goals: whether advertising should inform, persuade or remind customers about the product. When planning strategies of appeal developed are the options for appeal, assessment and effective implementation. Then chosen are the main types of means of dissemination; specific media. Before, during and after the advertising the advertisement is assessed, commercial and communicative effect is measured.

Public relations are a component of promotion complex which focuses on improving relations with various contact audiences of enterprise to ensure the reputation of (Shein, 2008). PR is used to win public loyalty and create a favorable image of a company and to rebut rumors and adverse events. To achieve these goals, PR experts use various tools: news, public speeches, participation in community service activities.

Enterprises use sales promotion for the adoption of non-recurring incentive measures to encourage the purchase of certain goods and services.

Sales promotion covers a wide range of resources for short-term demand. It can be directed to consumer, wholesale and retail trade, enterprise sales department (Kotler, Armstrong, Sondul & Wong, 1999).

Stimulating of consumer includes: free samples, coupons, discounts, competitions. Trade promotion includes wholesale discounts, free products, joint advertising. Stimulating sales force includes bonuses, commission gifts.

Sales promotion should help building relationships with customers. For the implementation of measures aimed at sales promotion there set are promotional purposes (for consumers - increasing sales, gaining market share for long term, attraction of new customers, for intermediaries - to persuade retailers to include a new product to its range, to advertise these products, for sales force - to increase of their interest in the promotion of products) (Galimzyanov, 1996).

The fourth tool of promotion complex is personal sale that is the presentation of goods to potential customers, carried out in the course of direct communication and with a view to sell and establish long-term relationships with these clients. Personal sales practice bilateral personal communication between sales representatives and customers.

Sales service is an important link between the enterprise and its customers. On the one hand it represents the company to the client: finds new customers, informs them about products, sells and provides necessary services. On the other - sales service represents consumers in the enterprise: protects customer's interests and works to increase the cost of consumer products.

6. PRODUCT DISTRIBUTION CHANNELS AS A MARKETING TOOL

Distribution channel is a complex of independent organizations involved in the process of goods promotion from producer to consumer (Berezin, 2002). Intermediaries reduce the volume of work to be done by producer and consumer, save money for manufacturer (since the number of links is reduced). Distribution

channel members have a number of key functions: collection of information and conducting of marketing research; sales promotion; establishment of contacts; product conditioning; conduct of negotiations. These functions require scarce resources. If the manufacturer fulfills these functions independently, both its costs and price of goods increases. The use of intermediaries leads to lower costs and prices.

Types of distribution channels depend on the number of channel levels. Level is a set of intermediaries that perform certain functions on the movement of goods and transfer of property rights for the goods to the next link in the chain of intermediaries in the direction of end customer. Let's consider the distribution channels of consumer goods and industrial goods (Figure 1 and Figure 2).

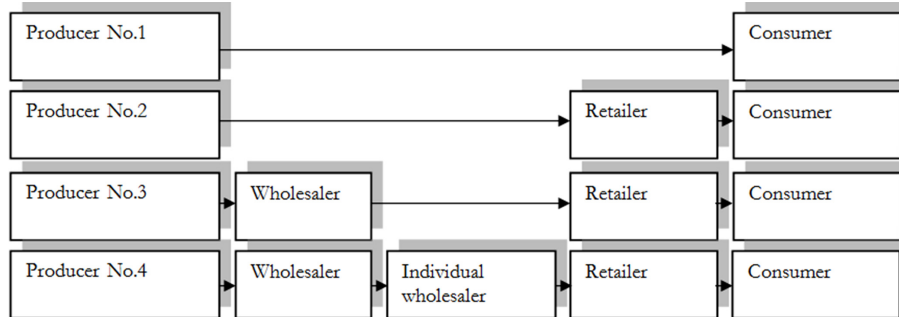


Figure 1: Consumer goods distribution channels

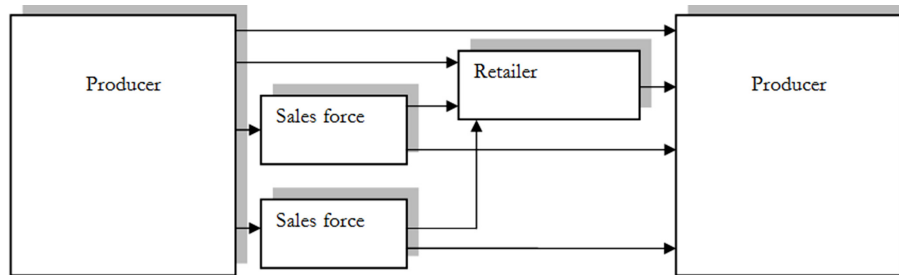


Figure 2: Producer goods distribution channels

Channel No.1 is a direct marketing channel with no intermediate levels in it. The example of channel No. 2 is TV manufacturers, furniture, etc. They offer their products directly to large retailers. Channel No. 3 is used by manufacturers of food products, pharmaceuticals. Channel No. 4 is used in the meat processing industry. Too many levels mean a loss of control over the sales process and a complex scheme of distribution of distribution channels.

There are three major tendencies in the channel development: vertical, horizontal and combined marketing systems (Day, 2002). Vertical is a channel structure in which producers, wholesalers and retailers act as a unified system. Horizontal marketing system is represented by two or more companies of the same level that combine their efforts to develop new marketing opportunities. Combined marketing system is when firm generates two or more distribution channels to cover two or more market segment. The company employs sales forces, catalogs and phone and dealers.

7. CONCLUSION

Marketing is, on the one hand, the development and implementation of a system of measures to influence the market of goods or services produced by this organization, and on the other - a shift of its industrial

activities towards the goods, the definition of the scope and nature of production and sales. The prerequisites for the emergence of marketing are: expansion of range of goods and the excess of supply over demand; complexity of the process of their development, production and marketing; increased competition; speed-up of the pace of socio-economic and scientific-technical progress, increase the uncertainty of economic life. In these circumstances, marketing facilitates the creation and sale of goods or services that are most relevant to the needs of the market, and the impact on consumer, demand and the market for the purpose of profit volume optimization.

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