

# Marketing Communications as a Factor of Sustainable Development

Olha Kopytko, Volodymyr Lagodiienko, Volodymyr Falovych, Li Tchou, Oksana Dovhun, Mariia Litvynenko



**Abstract:** Transformation processes in the economy and the consequences of the economic crisis have led to the fact that the enterprise no longer lacks the capabilities of existing marketing technologies [1]. The urgent issue is the introduction of coordinated, integrated marketing communications at the enterprise, which provides the flexibility of marketing policy, the long-term orientation of the enterprise, repeated sales, the formation of consumer loyalty, strengthening of partnerships and more.

**Keywords :** Advertising Costs, Marketing Communications, Public Relations, Sustainable Development.

## I. INTRODUCTION

Transformation processes in the economy and the consequences of the economic crisis have led to the fact that the enterprise no longer lacks the capabilities of existing marketing technologies [1]. The urgent issue is the introduction of coordinated, integrated marketing communications at the enterprise, which provides the flexibility of marketing policy, the long-term orientation of the enterprise, repeated sales, the formation of consumer loyalty, strengthening of partnerships and more [2].

In order to gain a leading position in the country and enter new markets, as well as to effectively position products and own enterprise in the conditions of fierce competition, any industrial enterprise needs to study consumer tastes and preferences, determine the degree of satisfaction of demand and determine competitors [3-5].

Enterprises of various activities, sizes and ownerships are constantly promoting their products and services to consumers and clients, trying to achieve the various goals that are achieved through advertising, sellers, brands, packaging, distribution of literature, distribution of free samples, coupons, press releases and other communication activities. In recent years, with the rise of marketing tasks, the role of marketing communications (MCs) has increased, which has become a key factor in the success of an enterprise and sustainable development [6-7].

## II. PROCEDURE FOR PAPER SUBMISSION

One of the key growth factors of any company is to increase the efficiency of internal resource management. One of such resources is the client base of the company, the potential of which is largely realized through marketing communications. High-quality standards for the client base, as well as the knowledge gained as a result of its in-depth analysis, are necessary conditions for the effective management of marketing communications.

An analysis of the experience of Russian and foreign companies shows that the use of marketing communications in business can significantly increase the loyalty of existing customers, attract a large number of new customers and, thus, increase sales. The use of such an expensive marketing communications tool as a phone call requires optimizing the use of this communication channel.

### A. Movement of marketing communications

The process of marketing communications movement is presented in Fig.1. Apparently, the manufacturer, using marketing communication tools, send a message (MK1) to the consumer about his product/enterprise; The reseller or representative of the manufacturer also sends a message to the consumer, while combining the manufacturer's MK (MK2) with their own (MK3) - these may be additional discounts or information about their company at the expense of the manufacturer's TM and the like.

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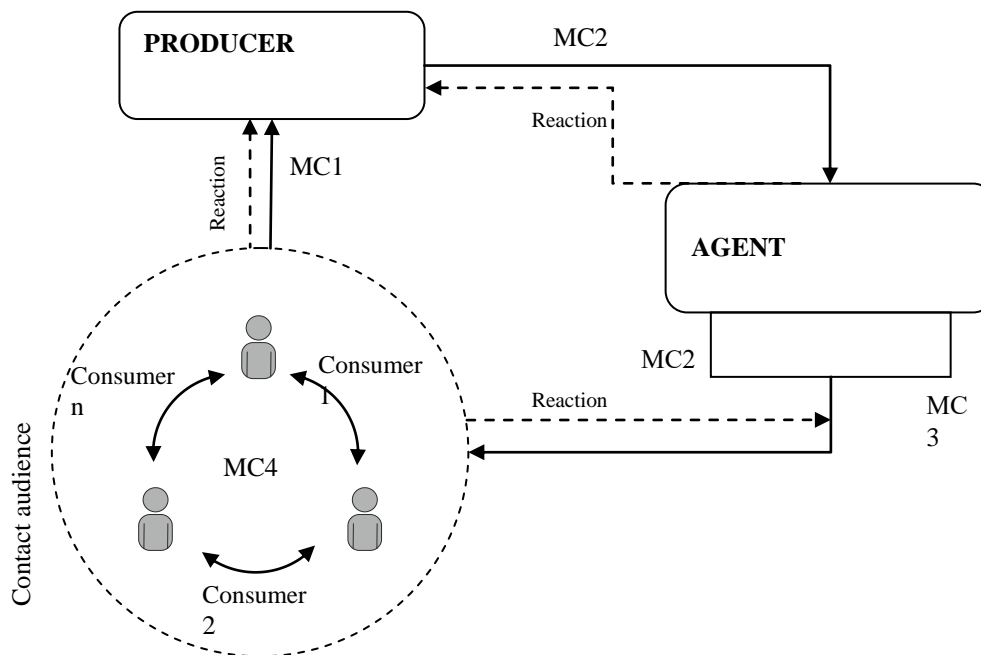


Fig. 1. Movement of marketing communications [8].

Moreover, the manufacturer's MK for the end consumer and the intermediary are different, because their main tasks are significantly different:

- for consumers is the formation of loyalty to the product/enterprise and the incentive to buy,
- for an intermediary – to be interested in selling his product with the help of lower prices, bonuses, etc.

Further, consumers "process" the information they receive, and at the same time can share their views, rumours with other consumers. At this stage, MK4s emerge - the consumer first hears about the product/company, not through their advertising, but personally from consumers (existing or future), i.e. information is obtained through rumours, opinions of others and so on. And then there is a "feedback", that is, consumer reaction – it can be a visit to the distribution network, search for additional information about the manufacturer/product, purchase, expressing their relationship so that it is likely to be received by the manufacturer/representative. In this case, the manufacturer can receive a response, both from consumers directly and from intermediaries. The information may come in pure and with the admixture of the mediator's reaction.

The basic conclusion that follows from the consideration of this process: it is not advisable to separate the concepts of "contact audience" and "consumer" because the latter is part of the contact audience. In addition, MKs try to act in person, but they are directed not at any particular individual but at the contact audience.

No manufacturer is able to meet all the needs of consumers in all markets at the same time. Only then will the enterprise develop and succeed when it becomes operational in a market where consumers of its products will be interested in its marketing concept.

The consumer usually does not immediately decide on a particular purchase, especially if it is not for industrial products. It goes through several stages of willingness to make a purchase at which, uses different sources of

information. Therefore, when establishing communications, you need to know at what stage of acceptance of the product is the consumer and what information he mainly uses at a certain time.

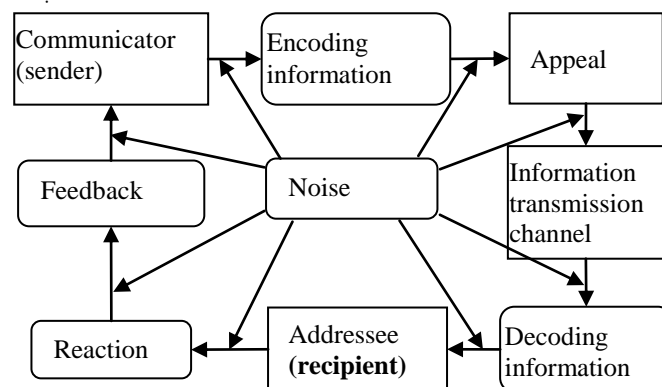


Fig. 2. Model of the process of moving marketing communications [8].

Important participants and components of this process are:

- *communicator* (sender), which can be an enterprise or advertising agency on his request. The main task is to clearly define the purpose of the action, to identify the target audience and to assume the response;
- *coding* in communication is the process of presenting an idea, which is conveyed to the addressee in the form of text, symbols, signs and images. The sender in the coding process should proceed from the fact that a) the code used is well known or positively perceived by the recipient, b) the code takes into account differences of national mentality, the stereotype of behaviour, culture of values of the recipient. Otherwise, communication efficiency will be low;

- *appeal* is an element of the communication system that must shape, correct or change the stereotype and opinion of the target groups. The appeal can be in both personal (communicator - recipient) and indirect forms (communicator - mediator - recipient). In the first case, the appeal comes directly on behalf of the advertiser. However, communication will be more effective if the appeal is embedded in the mouth of an "authoritative person", a character who is called an intermediary;
- *information transmission channel* is the communication transmission channel. It can be different: media, television and radio, transport, Internet and other networks, packaging, signboards and posters, calendars, catalogues, etc.;
- *decoding information* is a process of deciphering a message by the recipient, which depends mainly on the individual and social characteristics of the recipient (level of culture, knowledge of "codes", etc.);
- *recipient* of information as may be employees of the enterprise, consumers (target market), suppliers, intermediaries, public authorities, contact audiences;
- *response* - the response or combination of the receiver's response after reading the message. This is the response that the recipient informs the sender. For example, asking the recipient for more information or confirming that the information was received;
- *feedback* is part of the response of the addressee to the sender.

When developing a communication system, it is necessary to take into account the fact that all kinds of obstacles (ordinary noise, rumours) may arise in the communication process and information may be distorted. The reasons for this may be different: the external environment, physical, mental and semantic factors. For example, the reasons: the external environment - to allocate inflationary processes, laws, extraordinary circumstances; physical - layering of one information on another, damage of transmission channels (breakage of a billboard, typographical errors in the press, power outages); psychic - based on different perceptions of the surrounding reality by people, when the same signals can cause different emotions for religious, national, political reasons; semantic - arise on the basis of the ambiguity of individual concepts that are interpreted by buyers. The latter reasons are very important because they are rich in variability. For example, "small - large", "strong - weak": the small volume of production of accessories for the AvtoVAZ enterprise for a local repair shop will be huge. Semantic impediments can also be attributed to the dislike of the brand names of foreign communicators in other countries: the name of the Ukrainian car Tavri-Nova in Spain and other Spanish-speaking countries, since "no va" translated from Spanish - "does not go".

## B. The model that takes into account the impact of synergies on the effectiveness of marketing communications

Factor model of estimation of synergistic effect from the use of MC, which allows understanding the principle of the dependence of sales on the IMC and vice versa. Accordingly, it is applied in nature.

At the initial stage, a model is being built that will be able to

describe the cause and effect relationship as well as possible, as well as highlight the importance of integrating the MK into a single complex, taking into account the synergistic effect. The basic requirements for the factor model are as follows: comparative simplicity, high accuracy (all the most important factors affecting the sales of goods/services must be taken into account), the mutual influence of the MCs on each other should be taken into account. To begin developing a mathematical model for estimating the synergistic effect of using MC, we consider a simple linear dependence of the sales level  $Y_t$  on advertising in the form of a regressive equation:

$$Y_t = a + bA_t + e_t \quad (1)$$

where  $Y_t$  – sales volume, \$;  
 $A_t$  – advertising costs, \$;  
 $a$  – current sales volume without advertising action, \$;  
 $t$  – the coefficient reflecting different time periods;  
 $e_t$  – random error characteristic of a regression equation;  
 $b$  – the coefficient that reflects the impact of advertising on sales.

In the future, the linear model is expanded by the introduction of additional funds for marketing communications:

$$Y_t = a + bA_t + b_1P_t + b_2C_t + e_t \quad (2)$$

where  $P$  is the cost of public relations, \$;  
 $C$  – direct sales costs, \$;  
 $b, b_1, b_2$  are the factors by which advertising, PR contact affect  $Y_t$ .

This model has significant drawbacks: it does not take into account either the synergistic effect, since the impact of all IMC assets on sales is considered separately, or the delayed effect of the impact of advertising in future time periods.

There is another version of the model modified by S. Gupta to estimate the delayed effect by introducing the effect of the previous period:

$$Y_t = a + zY_{t-1} + bA_t + b_1P_t + b_2C_t + e_t \quad (3)$$

where  $Y_{t-1}$  is the sales level of the previous period, related to  $Y_t$  by the factor  $z$ , reflecting the "transfer" of marketing communications efficiency from the previous time period to the current one, thousand \$;

$z$  is a factor that reflects current sales volume without marketing communications and includes carryover effect, brand strength, word of mouth advertising, etc.

A disadvantage of this factor is that it is very difficult to evaluate, and therefore, to take into account when planning and evaluating the effectiveness of advertising. It would be more appropriate to take into account the impact of previous time periods due to the effectiveness of the MC funds of these periods and individual transfer coefficients as follows:

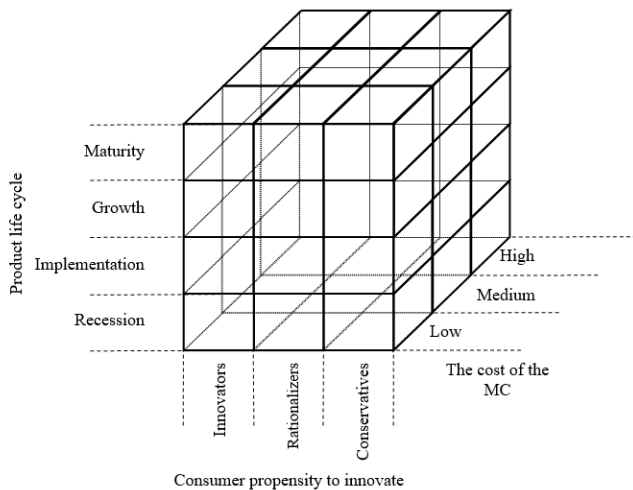
$$Y_t = a + bA_t + b_1P_t + b_2C_t + z_1b_1 - 1A_{t-1} + z_2cP_{t-1} + \dots + e_t \quad (4)$$

where  $Z_1, Z_2$  are the transfer coefficients of MK efficiency for the current time period,

$b_{t-1}, c_{t-1}$  are the coefficients of efficiency of the MK period t-1.

**C. The basic model of formation of integrated marketing communications has the form**

The basic model of the formation of integrated marketing communications has the form (fig. 3.4):



**Fig. 3. Basic Model of IMC Formation.**

Taking into account the content of the innovation process, we obtain marketing communications of three levels: with purchases, with partners and their integration (Fig. 5). Shortened characteristics of marketing communications by levels and stages of the innovation process are as follows:

*Level I Communications – With Stage Buyers:*

- development - the IMC is only taking shape, as the market, consumers and their needs are studied;
- implementation - IMCs are of the utmost importance, as products are actively promoted through active communication with potential buyers;
- growth - IMC is less important, but communications are still influential;

- maturity - communication with consumers becomes less, the company uses a smaller set of MK;
- recession - there is no communication because the product begins to be removed from the market.

*Level II communications – with partners in the following stages:*

- development - there are communications with partners at the pre-production stage;
- maximum, especially with those who are involved in the development of new products
- implementation - the activity of MK with partners is still significant, but is gradually decreasing;
- growth and maturity - communication with partners, especially those directly involved in product development, is minimal,
- recession - communications are gaining ground again because there is a search for innovation.

*Level III Communications – Integrated Marketing Communications:*

IMCs with consumers and partners go on different axes, with the IMC model being the face of the IMC with consumers. IMCs in stages 1 and 5 are dominant in customer relations and stages 6 and 10 are partner relationships.

Depending on the market, you can investigate the effect of transferring periods t-2, t-3, and so on. However, it should be noted that in this form, the model does not take into account the effect of the synergistic effect of MK.

Stage 5, where it is necessary to sell illiquid assets to attract additional funds for new innovations, is also important for the innovation enterprise.

So, given the content of the innovation process, we get the following appropriate combinations of marketing communications:

- for low budgets:
  - a) for innovation-active enterprises a combination of 6 + 10 is appropriate;
  - b) combination of 3 + 4 + 5 is appropriate for innovatively inactive enterprises;
- for medium (limited) budgets:
  - a) innovation-active enterprises the combination is supplemented by Nos. 1 and 5;
  - b) for innovatively inactive enterprises, the combination is supplemented by # 5 (to get rid of illiquid assets and attract additional funds);
- for high (unlimited) budgets: all MCs are appropriate.

Thus, the scenario-based approach to the formation of integrated marketing communications requires standardized methodological tools, which allows integrating:

- two processes - the innovation process and the product life cycle;
- two types of communication - with consumers (marketing) and with partners (innovative).

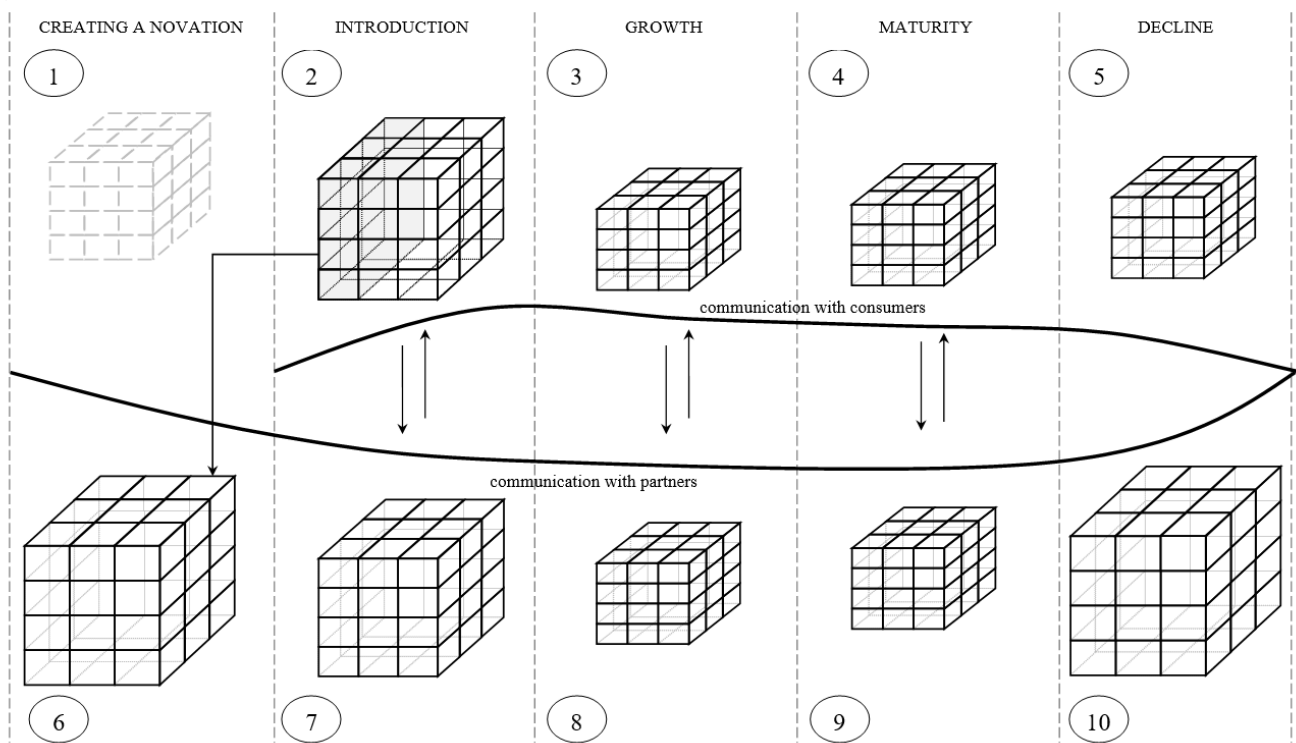


Fig. 4. Movement of Marketing Communications as a Factor of Sustainable Development.

### III. RESULT AND DISCUSSION

Tools and methodological support for the concept include: a set of methodological provisions for the formation of marketing communications consisting of: 1) recommendations for the choice of universal marketing communication tools; 2) methodical provisions on scenario formation of marketing communication tools taking into account synergistic effect, enterprise marketing strategy, life cycle and degree of product innovation; 3) a list of measures for the formation and use of marketing communications.

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