



# Formation and Development of the Integrated Marketing Communications in the Activities of Production and Trade Enterprises

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## ABSTRACT

Manufacturing companies in the market fast moving consumer goods market characterized by new approaches to the elements of the distribution of products. Today, there was a change of the functional structure model of distribution of goods from the production company (producer) to the production and retail outlets (the mediator) to a trading company (intermediary), and to the end user. Appears multi-channel distribution with the addition of updated participants merchandisers and representatives of trade marketing, which allows you to maximize the efforts of manufacturing companies in the field of demand generation, promotion and positive image of the production company from trading company - then the consumer to use all the possibilities of contact with the consumer, and switching his preference to competing products on the goods and be an exemplary substitute product supplier. The authors of the technique of evaluating the cost-effectiveness of measures for the implementation of integrated marketing communications (IMC); lighted the issue of functioning of the IMC of modern retail companies. With the author's position is considered the implementation of a new concept of IMC.

**Keywords:** Marketing Communications, Integrated Marketing, Virtual Economy

**JEL Classifications:** A11, F02, M1

## 1. INTRODUCTION

The complex of means and methods of integrated marketing communications (IMC) plays a significant role in the promotion of trade companies in different types of markets. As one of the most important activities of trading companies should consider the economic efficiency of IMC, which are aimed at ensuring sustainable and stable operation and diversify its activities trading companies. The problem of evaluating the economic efficiency of the IMC has received extensive discussion, both in the scientific community, and attention among the representatives of the business environment.

For trading companies is an important possession of the skill distribution of funds between the instruments of marketing

communications for the most positive result of the integration of the complex promotion of manufactured goods, the brand. Thus, the highest priority becomes the task of studying the evaluation of the economic efficiency of the complex IMC. For certain sectors of the economy needed their adaptive methods for evaluating the economic efficiency of the IMC, taking into account all aspects of the business processes, products and brand.

The basis of the study selected trading companies implementing business activity within the boundaries of the beer market as a global and national scale. World beer market is characterized by the high cost of marketing communications. This issue, together with the characteristics of modern beer market, requires the need to find opportunities to improve the cost-effective implementation of IMC.

## 2. RESEARCH METHODOLOGY

The object of the study is a set of production and trade companies operating in the market of fast moving consumer goods (FMCG). The subject of the study of social and economic relations between the participants of the IMC communicative interaction of manufacturing and trading company sells the finished product on the market FMCG.

Theoretical and methodological basis of the work were the works of domestic and foreign authors in the field of operation of the market FMCG, technology distribution, IMC, legislative and regulatory acts of state and international organizations in terms of marketing activities, articles in specialized journals, monographs, abstracts, periodicals production companies "British American Tobacco," "SUNInBev," "Brewery Moscow-Efes," "United Heineken Brewery," "Japan Tobacco International," "Reckitt Benckiser," "Philip Morris," "Procter and Gamble Distribution Company," "Henkel-PEMOS," "Unilever Rus," "Coca-Cola Export Corporation," "PepsiCo Holdings," "Nestle," "Danone," "Mars," "Hein," "Kraft," "Cadbury," "Anadolu Efes" and etc. The study used a systematic approach to the analysis of marketing processes and phenomena, empirical-statistical methods of integrated and comparative analysis, simulation modeling, forecasting and expertise.

## 3. MAIN PART

In Russia, actively forming trading companies. There is a qualitative change in the structure of retail trade; retail chains thanks to an aggressive strategy displace independent stores. In conditions of strict competition and awareness of buyers own brands of retail grocery retail chains are an effective tool for promoting products. Own brands have become an effective marketing tool that can strengthen customer loyalty, provide them with exclusive products and ultimately increase profits of retail chains.

The leader of the Russian market is "Baltika," which became in 2008 an international group "Carlsberg." According to official data, in 2009 its share in the Russian market amounted to 40%. Sales of "Baltika" in 2009 amounted to 41.7 million. Hectoliters of beer (ID-Marketing Research Company, 2015).

In second place in terms of production is the company of "SunInBev." In 2009, the production volume of "SunInBev" amounted to 16 563.3 thousand. Hectoliters, the company's share on the Russian market 15.2%. In 2010, production volumes of "SunInBev" declined slightly, while market share increased to 15.8% (ID-Marketing Research Company, 2015). Closes the three leaders of the company "Heineken," which accounts for about 13% of the market. In the Russian market of "Heineken" exists since 2002. The group consists of 10 breweries producing 28 brands of beer (ID-Marketing Research Company, 2015).

Analysis of the leading players in the market selected the Southern Federal District is possible to characterize the type of enterprise strategic competitive behavior. Evaluation of the three companies

(JSC "SunInBev," JSC "Heineken," JSC "Efes") was carried out on 12 parameters, the results are summarized in Table 1.

Most companies adhere to the strategy of concentrated marketing. They can have multiple brands of different price segments, while they are positioned in such a way that together do not cover the market as a whole, but only at its specialized parts of (Novikov and Novikova, 2012). The only exceptions are the two companies - the leaders of the beer market: The company JSC "baltic brewing group" company and JSC "SunInBev" applying differentiated marketing strategy, seeking to have a market share in each segment of the beer market.

But there is a fundamental difference. The company JSC "Baltic Brewing Group" is the trademark of "Baltika" focused on the widest range of consumers. The brand "Baltika" recognized "national brand" in 2009, losing thus never lead in the competition. Beer under this brand intended for various categories of consumers. Each room (sort of) the brand "Baltika" differ not just on alcohol content and composition, but presented differently, is designed for different segments of differing status and income. This is reflected in the design of the bottle (banks) and price.

In addition, other brands are available such as the "Parnassus," "Carlsberg" (prepared under the license and technology of the Danish company "Carlsberg," positioned for people aged 25-35 years, with an income above average), Leningrad (positioned as a low-cost high-quality beer for men 40 years of age and older with income "and below average"), as well as the brand "Arsenalnoye," "Don").

As for the brewer of "SunInBev," it is for each segment is developing a separate brand and apply different strategies for marketing-mix.

Competitive market environment characterized by the creation of an entirely new and unique products, technologies promoting the creation of the brand in the market. Implemented by finding cost-effective funding and at the same time effective ways to communicate with consumers and promote products under the brand of a trading company. Conditions for success communication strategies - knowledge of customer needs, openness, market information, communication initiative is a trading company.

The analysis of the beer market has allowed to identify the main defining trends of development, which are:

- Increased competition among trading companies-producers;
- Increasing demands of customers for the quality of the product and compliance with the price and quality of goods;
- Strengthening the brand value of a trading company;
- Consonance brands;
- Is constantly growing role of the points of sale, window dressing, shelf space, equipment companies;
- Increasing the activity of soft drinks consumption among the female population;
- Improving the culture of consumption of low-alcohol drinks (Karasik, 2012).

**Table 1: Characteristics of enterprises by type of strategic competitive conduct in the territory of the Southern Federal District**

Parameters	JSC “SunInBev” (%)	JSC “Heineken” (%)	JSC “Efes” (%)
Positioning in the channel Off-trade (retail chains)	Mass (66.6)*	Mass (66.6)	Mass (66.6)
Positioning in the channel On-trade (a network of immediate consumption)	Mass (100)	Specialized (66.6)	Mass (100)
The depth range (determined by the quantity of each type of product) (Raizberg, et al., 1999)	High	Low	High
The breadth of the range (defined by the number of product groups) (Raizberg, et al., 1999)	Advance in innovation	Flexibility	High performance
Communication with the customer (the correct position of the consumption of beer and a healthy lifestyle)	Strong (100)	Strong (66.6)	Strong (100)
Direct representation in network trading networks	Available (100)	Available (100)	Available (100)
Merchandising (degree of presence of the company’s staff in shopping malls)	Active (100)	Active (66.6)	Active (66.6)
Sales promotion (stocks, souvenirs)	High (100)	High (66.6)	High (100)
Print advertising (in the degree of availability of printed materials, special tags)	Mass (100)	Mass (100)	Mass (100)
PR (presentations, press conferences)	Average (66.6)	Average (66.6)	Average (66.6)
Packaging of goods (form, color, attractiveness, extractability, corporate identity)	Advance in innovation (100)	Adaptability to the special market (100)	Competitive (66.6)
Souvenirs	Strong (100)	Average (66.6)	Strong (100)

\*Note: The percentage of definition by experts to identify the presence of quantitative parameters, quantitative parameters are given for comparison of the three companies

To improve the efficiency of IMC author proposes to manage the process of implementation of IMC in the following sequence, are defined as:

- Definition of the target audience - the identification of its range of customers;
- Generating the message, based on the objectives of IMC;
- Execution of the marketing message, giving his presentation aimed at attraction and maximum flow informative messages;
- The choice of communication channel;
- Decoding messages purchaser - decoding information;
- Obtaining feedback from the consumer (feedback) (In connection, 2012).

Of great importance for the buyer plays a famous brand, it has the effect of trust, as well as the attention of potential consumers to the goods. Application Integration of marketing communications results in an increase of their efficiency (Medvedeva, 2011).

Brand recognition is carried out by the company logo and specific packaging design, it Extractability abundance of competitors in the retail outlet. The system of marketing packaging plays a very important function in the definition of commercial policy. Packing accumulates in the necessary volume and form of the work product and facilitate its storage, transport, use and consumer channels. The package contains a number of functions: Provides storage and protection of the goods from the effects of the environment plays an informational function, presenting consumers with basic information about the properties of the product and its quality (Dobrobabenko, 2001). In addition, the packaging is communication, advertising, stimulating sales value. Changing the packaging may improve sales.

The main feature of the brand is reflected on the label. Large, catchy label - is an advantage. Brand, usually accompanied by information about the type of beer. The words “bright,” “dark,” “amber” is not so much tell what color the drink is much talk

about the degree of toasted malt, which determines the taste and aroma of the beverage. Light beers - a dry, light and transparent. Dark beer - usually a sweet, dense, strong.

There is no doubt that the support of the brand in the first place is the packaging, which occupies an important place among the most important elements of marketing communications and in the transmission of information to a potential customer. Presentation of the package only as a protective element, it is replaced by property promote products and increase sales, thus increasing the company’s profits.

An element of marketing communications is a direct relationship between the promotion of products and product packaging, such a connection can be divided into several stages:

1. Advertising, which gives the consumer knowledge about the product, is in his interest, adjusts positive incline consumers to purchase. Packaging in the first step is important, because through it identifies the buyer purchase;
2. In the process of acquiring goods is packaging “sells” goods, plays the role of “silent seller,” the main objective of the package - to create a favorable brand image;
3. After the acquisition of goods packaging confirms the correct choice (Novikov and Oganessian, 2012).

It is said that the maximum assessment of the effectiveness of IMC is possible when a single interaction of all structures of marketing communications for the efficient transmission of messages to the target consumer and influencing its decision to purchase. In this regard, possible concretization of the basic principles of the concept of IMC, this suggests the new components:

- The structure and the process of IMC formed with increasing activity and the perception of the consumer;
- Dialogue with the customer is carried out thanks to the IMC;
- Stages of IMC provoke the creation of personalized and unique message IMC;

- Trading companies forming the IMC based on the needs of consumers;
- IMC allow to come into contact with the consumer, as well as to recognize the needs of customers.

Within the framework of the identified features of the IMC and the IMC recommended the application of the integrated use of instruments of influence on consumer decision:

1. Promotions (gifts, trial product (presented in the form of tastings), discounts);
2. Communications equipment company (cabinets, refrigerators with company logo);
3. A distribution equipment (stands, hanging shelves, cash cubes), etc.;
4. Innovative POSm materials (displays);
5. New product, rebranding and other goods.

The study developed a formula assessing the economic effectiveness of IMC, which can be used by different trading companies. This can be used indicators such as the index of quantitative indicator advertisements competitors (IGC), the index of the type of outlet (ITT), the index of consumer behavior (IPP), an index of professionalism territorial representative for trade marketing (ITP), the index of the free zone (PPE), the index of contracting type of outlet (IR). Therefore, to accurately calculate the cost-effectiveness of the IMC is necessary to calculate the effect of these parameters by using the formula (1):

$$Kef = (\alpha Iqc + \beta Ito + \mu Icb) + (\alpha Ipt + \beta Ifz + \mu Ic)/2, \quad (1)$$

where,  $\alpha + \beta + \mu = 1$

Iqc - Index quantitative indicator advertisements competitors;

Ito - Index type outlet;

Icb - Index of consumer behavior;

Ipt - Index of professionalism territorial representative on trade marketing;

Ifz - Index of the free zone;

Ic - Index of contracting type outlet.

The impact of these indicators for the trading companies in various fields should be calculated on the basis of its expert assessments. The approach to assessing the effectiveness of the IMC will contribute to the achievement of the objectives of a trading company. As the company's goals can be: Goal - to become a leader in the segment of manufactured goods, increase profits, and others.

Recommended formula (1) evaluating the economic efficiency of the IMC for a particular outlet is suitable under the following conditions:

- The number of units sold by certain groups of goods produced by trading companies and competitors;
- The geographical location of the outlet (cross-consumers);
- To find a shop near the network of supermarkets, hypermarkets, able to offer consumers better prices for similar groups of products;
- Sales volumes in all product groups;
- The volume of purchases and sales of a particular group of products;

- The amount of operating funds;
- Verbal information about financial investments of competitors;
- The average number of consumers included in the focus group, and others (Figure 1).

Number of workers' funds serves as a signal to form an optimum amount of checkout promotional materials, namely, checkout displays, for coins, boxes for the checks checkout rugs, with the symbols of brands the company employees a signal to attract consumers and sending information about new products and promotions held by the company. Planned placement of such advertisements, is taken into account the number of banks, whose number = one placement of advertising material in the line of sight to the consumer, as well as the number of competitors' promotional materials placed in sight of the consumer.

Materials competitors may signal the approach to the formation of the placement of POS materials products trading company, this approach allows to evaluate the actions of competitors and place the optimal amount of advertising materials. The number of "visual advertising" should be such as to visually block the advertising information of competitors and compel attention of consumers to the promotional material trading company (Mooij, 2013). Posters, wobblers, displays must be placed in checkout zone in sight of customers, they should not be cluttered advertising competitors and be visually dominant over other trading companies, allows buyers to easily navigate the advantages of this product over other similar goods (Novikov et al., 2015).

Type of point of sale (value, aspiration premium, premium) allows you to create the range for a particular outlet, the range that will be profitable this point, demand in this area, the range aimed at the end user, to minimize the risks of storing the goods and the freezing of funds and the possibility of entering the shelf life of the product. For outlets premium class characterized by groups of goods of higher price category, such outlets are located in the business district of the city or in the sleeping area, food and household goods, retail outlets such as aspiration premium similar to the previous type, characterized by the addition of several items cheap kinds of goods company, outlets such as value represented primarily kiosks, pavilions, located close to public transport, in the territory of markets, specialty outlets and others., in retail outlets of this type tend to be decision-makers tend to support a wide range of products for different target audiences, satisfying different needs and tastes.

Type of consumer behavior (show and brows, pay and go) to evaluate literate "infusion" of investment in the retail outlet, namely, the type of consumer behavior "show and brows" - overlooked and buy, say, a large amount of sales area, most likely type supermarket, self-service and the presence of at least one cash register zone, point of sale of this type it is advisable to install expensive equipment and to plan investments in advertising. Outlet where observed purchasing behavior pay and go - buy-and-go, requires placement of a minimum amount of advertising, with the major elements, not to focus on the little things, focuses on the main advantages in these outlets no need to install expensive business equipment, as buyer visiting

**Table 2: The main types of contracting retailers**

Contract type	Characteristic	Advice on financial investments
Communications contract	Type of contract, which is set at the point of sale in the heavy equipment (cabinets, refrigerators, etc.), where the volume is prohibited advertising of competitors	Strive to plan a large amount of contracts, a condition of such a contract should be rigorously defined first in advertising materials, including light commercials, spots in the checkout area
Distribution contract	Type of contract under which competing companies can advertise in the same quantities, equipment, advertising plays a smaller role, and focused primarily on the presentation of goods in a shop	A distribution contract signed with the point of sale involves placing less of information technology equipment, this type of contract it is advisable to enter into a point of sale for the purpose of broad representation of brands in the market, such a contract should not be expensive and trading company by the number of the advertising should not occupy the first place
Rep/RLP contract	Type of contract in which the trading company is a 3 and a lower position in the representation of the goods in a shop	Outlets usually do not bulking, and the representation of the trading company is necessary because of the strategic location of this point - "red line," or at the discretion of the representative of the Marketing
Visible distribution	As a rule, this type of contract is a type of point of sale - kiosks, pavilions, aimed at visual dominance over its competitors, using an active light advertising	This type of contract it is advisable to conclude a trade point of type kiosk, pavilion, shop, located in a public place (park, public transport, the area), the minimum representation of brand competitors

a store, comes with a clearly defined objective and promotional information reluctantly accepts (Shkurkin et al., 2015).

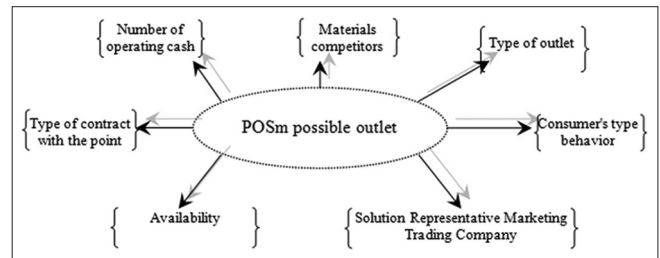
In an ideal model of interaction between circuit elements from a trading company to the consumer, through the IMC, link - representative trade marketing, based on his professional experience, knowledge of the market and consumer preferences, as well as analytical data may take a decision on the budget on advertising goals for a particular outlet. This judgment may seem subjective, but in practice it is an effective element in the formation of the financial component. It can be argued that the adoption of managerial decisions on the calculation of the financial component for a particular point of sale and planning of heavy equipment may depend on the type of contract concluded with the point of sale and its characteristics. There are several major types of contracts with retail outlets (Table 2).

Together with recommendations to improve the effectiveness of IMC needed coherence of messages that are sent to the consumer participants in the marketing system. This approach would eliminate the lack of harmonization, which is apparent from the internal and external communications trading company.

#### 4. CONCLUSIONS

Socio-economic benefits of IMC are the estimated impact of the category of their functional effect on consumer choice and market FMCG (FMCG/goods of daily consumption) in general. However, the management of marketing activities, distribution and promotion policy of manufacturing companies do not fully apply the marketing tools that defined the character of the existing IMC incomplete and insufficient development of application tools for implementing IMC. Underestimating the effectiveness of IMC holding back the pace of development of trade on the FMCG market and acts as a factor limiting the impact on the efficiency of commercial activities of manufacturing companies. The totality of the circumstances listed above are updated by the chosen direction of research in the scientific and practical levels.

**Figure 1:** Indicators included in the calculation of costs POSm\* - possible point of sale



\*Note: POSm capabilities - the optimal number of advertisements placed in the outlet include: Hard-poster, display, mats, boxes of checks, coin, shelf talkers, stoppers, promotional units, etc.

Thus, the use of effective marketing communications, taking into account trends in the development of modern retail companies, provides the absolute necessity of the greatest use of all means of IMC (Afonina, 1999). This focus on this condition, as the impact of the IMC on the various types of buyer behavior. Improving the efficiency of the IMC provides a unified concept of scheduled and unscheduled communications that take place within a trading company and then transferred to the target consumer.

The company, operating under the conditions of modern market economy, promoting your product based on the requirements of the market environment, the legislative framework of the country, the economic situation, the needs of consumers, promoting the brand using the competitive advantages of packaging of the goods, the material used in the production of packaging, the expansion of product lines, aimed at to attract a different audience, conducted promotions, the structure of employees.

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