



## **Marketing Techniques in Management of Enterprises Engaged in Tourism**

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### **ABSTRACT**

Tourism is regarded as the service industry and it is one of the largest and dynamic economic sectors. Being engaged in tourism, tourism enterprises have to solve a lot of challenging problems, such as to find a market, retain or win new customers, to solve what to do in services, what means to use for competing, etc. Not so long ago these actions in Russian travel companies have had subjective and routine nature and have not brought positive long-term results. The current business completely rejects the ideology of passive market presence. The marketing activity is becoming more and more important for Russian travel companies because both social-economic and political factors of our society have dramatically changed. Instead of centralized planning we have freedom of entrepreneurial initiative, instead of constant commodity and service deficiency there is their excessive supply, and instead of government monopoly there is tough competition among commodity producers. Marketing involves a lot of various activities including marketing researches, product development, its distribution, price fixing and advertising. The major purpose is investigation of the above-mentioned activities in order to make the marketing functioning of tourism enterprises the most effective.

**Keywords:** Marketing, Management, Tourism, Marketing Management

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### **1. INTRODUCTION**

Marketing is an activity on promoting the products and services from producer to consumer. There are many definitions of marketing as a flow process of products and services from producer to consumer or user. Marketing is a broader concept than the sales and advertising activity. Sales and advertising activities are only some aspect of marketing. Marketing is a targeted, strategic and controlled activity, passing through all the stages, i.e., from product development, its promotion on the market before the sales and after-sales service. Marketing is a complete process of product and service flow from producer to consumer.

It should be noted that a lot of authors, among whom are N.L. Bezrukova, Bobkova et al. (2014), Volkov (2003), Vorontsova

(2003), E.A. Gavrilova, Goncharova et al. (2014), Durovich (2000), M.A. Zhukova, N.A. Zaitseva, G.A. Karpova, Klimova and Kozyrev (2011), N.V. Kozyrev, S.A. Kudrevatykh, R.F. Lauretborn, Moiseeva and Rumin (2011), Morozov et al. (2014), Morozova et al. (2014), E.L. Pisarevsky, L.A. Rodigin, T.P. Rozanova, M.Yu. Ryumin, S.I. Tannenbaum, L.V. Khoreva, Chudnovsky et al. (2014), Sharkov (2011), Schultz et al. (2010), Yankevich and Bezrukova (2003), have already been studying the marketing issues in tourism. However, some aspects that require more detailed consideration are still not considered.

Marketing in any organization is a management activity on planning and implementation of the made decisions relating to the production and sale of certain products and services to meet the needs of a specific group of people with a certain goal. Marketing is a standard of society life.

Marketing plays an important role in activities of all organizations, whether it is a non-profit educational institution, resort or producer of tourism products and services with the purpose of making their profit. The marketing aims at providing the required products or services in the right place at the right time and at necessary price.

Marketing activities include planning and product development, pricing, methods of product distribution, sales promotion and promotion of products and services.

The necessity of marketing activities is determined by:

- Free competition among organizations;
- Consumer possibility to choose similar products and services from different producers;
- Good consumer awareness of other available products and services;
- Organization aims, which can be expressed in measurable terms.

Marketing arises and exists as an organization response within free competition market conditions with the relative freedom of consumer choice.

Marketing includes a set of different activities. In order to understand what marketing is, it is necessary to define those activities, which are an integral part of marketing. In particular, they are:

- Identification of desires and needs of a customer;
- Creation of products and services complex (product – service mix), which would satisfy these desires and needs;
- Promotion of products and services at the market (promotion) and distribution of produced goods and services to create a level of enterprise profitability, which correspond to the tasks of company administration and shareholders' interests.

The first and main task of marketing is to understand the consumer. Their desires and needs have to be understood. The companies which work really effective should know their customers very well. It is called "the customer approach." Successful companies learn from those whom they serve. They constantly observe their customers and try to improve their opportunities in service. Tourists themselves, when they are given an opportunity, are ready to tell what exactly satisfies them in service, what needs to be improved, and what they expect from a travel company. It is very important for marketing-oriented leaders to listen to their customers and do what they recommend. A lot of new ideas to improve service and comfort, if you think about it, are proposed by tourists.

Other important aspect of marketing is to create products and services to offer customers. Each year, new products and services are created and supplied at the market.

The next important area of marketing activity is the promotion of goods and services at the market, advertising and sale of created goods and services.

In order to succeed, it requires the considerable efforts, invention and wit. Advertising publications are full of various commercial

offers, and the key to success is to bring to a potential customer related information and evoke his or her response that should be result in acquisition of the company goods or services (Silnov and Tarakanov, 2015; Arzhakov and Silnov, 2016). Market promotion of goods and services is provided in different ways, which can be both external and internal in terms of a concerned company.

The final part of marketing is to provide an acceptable level of income. It is, in fact, the main goal of any entrepreneur. Any commercial business is carried out in order to make a profit. It is exactly the goal, which everyone wants to achieve, but which is reached only by a successfully working company. However, if the administration succeeds at the first three stages of the marketing work, there are a lot of reasons that company will be able to reach an acceptable level of profitability as a whole.

Marketing is a set of certain functions carried out by the administration. Marketing, production, accounting, management of living resources, administration, development are six key areas included in the responsibilities of any company management.

In tourism business marketing is often identified with the sale of tourist services, and it is not surprising. The sales department activities are seen by everyone. Its manager organizes tours for customers. Thus, the marketing functions of this department are visible to everyone, while similar functions in other departments are carried out implicitly.

## **2. FEATURES OF MARKETING RESEARCH IN TOURISM**

Let us consider the main features of tourism marketing.

Every travel company aims at settling at a potentially large and stable market. However, this is not an easy task. The tourist services market is spread geographically, fragmented and changeable. Therefore, it requires the collection of relevant information for its search and study.

The market research and forecasting are a completely new area of Russian tourism companies work. In order to achieve big results in this work, travel companies need to create special structures, which would consist of specialists, equipment and technologies for gathering useful information, its sorting, systematization, analysis and evaluation.

Marketing researches are a goal-oriented process, and their organization consists of the following stages:

- Definition of the problem and setting research purposes;
- Collection of information and creation of marketing information system;
- Interpretation and presentation of the analysis results.

To identify a problem and set research objectives, marketing managers and research department need to work together. Nobody but managers understand importance of the problem and need to make an appropriate decision concerning it, and specialists-

researchers can suggest an optimal method of searching the necessary information for making this decision and organizing its collection and processing.

It is managers who are mainly responsible for interpretation of the obtained results and who must have a sufficient understanding of marketing researches, so as not to draw a wrong conclusion from the presented data and not require from the research team much more information than they really need. In any case, researchers should help managers to identify a problem and draw right conclusions from the results.

Market information includes macro- and micro-market information. Macro-market information is information primarily about:

- Industry trends;
- Social, economic and political trends;
- Competitors;
- Customer throughout the industry, etc.

Micro-market information includes:

- Customer data;
- Information about products and services;
- Results of the analysis and testing of new products;
- Data about customers-agents;
- The results of research on pricing;
- Information on key customers;
- Data on effectiveness of advertising and product promotion campaigns, etc.

One of the most promising areas of market research is income marketing. The name belongs to the administrators of two advertising agencies serving the tourism industry. These administrators predict the connection between the customer reaction and advertising and promotion of tourist destinations (Kobersy et al., 2016). This is done by combining the systems of sales, marketing and reservation with the property management system that can be carried out with the help of small but powerful computers. This all gives a travel company an opportunity to accurately and quickly determine effectiveness and performance of the previous investments into marketing and on this basis to give a more accurate assessment of the future investments impact.

It is important that marketing managers know about such developments and provide the necessary budget for marketing researches, which would include the use of new technologies. However, marketing researches are very often carried out not in the “active” form but also in conservative one. In other words, researches are carried out only when there is a problem or when competitors unexpectedly offer new products, and not with the expectation of being ahead.

First of all, the quality management program should use market researches concerning the assessments of services produced by the tourism organization customers, analysis of the advantages and disadvantages of these services, degree of their meeting the needs, desires, and interests of customers. For these studies the materials of internal and external information are used.

Inside information is:

- Customer notes in the guestbook;
- Feedback forms, filled by customers;
- Postal, telephone, direct (oral) customer surveys;
- Study of the target groups of customers;
- Observation of administrators and managers of the travel company;
- The results of tourist services sales.

External information includes:

- Press articles and monographs on the tourist services quality;
- Trade shows materials;
- Advertising and reference materials about the travel company;
- Consultations with specialists;
- Materials of tourist companies associations;
- National and international regulations and quality standards for the provision of tourism services.

Achieving high tourism services quality, as it is mentioned above, depends on available the material, financial and human resources of the travel company. Evaluation of the possibility and need to mobilize and widely use them is a necessary condition to develop measures for improving the service quality.

### **3. TOURIST PRODUCT AS A CORE CONCEPT OF TOURISM MARKETING**

Tourism in their basic features does not fundamentally differ from other forms of economic activity. Therefore, all of the fundamental principles of modern marketing can be applied in tourism.

At the same time, tourism has its own features, which distinguish it not only from the commodity trade, but also from other forms of service trade. Here we have both service and commodity trade (according to expert assessment, the share of services in tourism is 75% and goods take 25%), and the special nature of consumption of tourist services and goods at the place of production and, moreover, in a certain situation (Durovich, 2000; Oleinikova et al., 2016).

Tourism results in the tourism product. In fact, the tourism product is any service that satisfies certain requirements of tourists and payable by them.

Tourist services include accommodations, transportation, excursions, translation, personal, utilities, and other services. At the same time, “the tourism product” can be regarded in the narrow and broad sense.

A tourism product in the narrow sense is services of each particular sector of the tourism industry (for example, a hotel product, tourism product of tour operator, transport company, etc.). In the broad sense, a tourist product is a set of goods and services, which together form a tourist trip (tour) or are directly relevant to it. The main tourist product is an integrated service, i.e., a standard set of services sold to tourists in one “package.”

The tourism product, along with common specific characteristics of services, has its own distinctive features:

1. It is a range of services and goods characterized by a complex system of relationships among various components
2. The tourism services demand is highly elastic in relation to the level of income and prices, but largely depends on the political and social conditions
3. Consumers usually cannot see a tourism product before its consumption, and consumption itself in most cases is carried out at the place of tourism services production
4. The consumer overcomes the distance separating him or her from the product and place of consumption, and not *viz.*
5. The tourism product depends on the variables such as space and time and is characterized by demand fluctuations
6. The tourism product is created by the efforts of many enterprises, each of which has its own methods of work, and the specific needs and different commercial purposes
7. The high quality of tourism services cannot be achieved if there are even minor disadvantages, as the tourist service consists of details
8. The quality of tourist services is affected by the external factors that have a force majeure character (natural conditions, weather, tourism policy, international events, etc.).

These specific characteristics of the tourism product have a significant impact on tourism marketing. Some authors consider the marketing as a global concept. For example, the Swiss specialist J. Krippendorf: "Tourism marketing is a systematic change and coordination of tourism enterprises activities and private and public tourism policies implemented according to regional, national or international plans. The purpose of these changes is to more fully meet the needs of certain groups of consumers, taking into account the possibility of obtaining the profit" (Durovich, 2000).

The United Nations World Tourism Organization identifies three main functions of marketing in tourism as follows:

- Establishment of contacts with customers;
- Development;
- Control.

Establishment of contacts with customers aims at convincing them that a potential destination and services there, attractions and expected benefits fully meet what the customers want to receive.

Development involves the design of innovations that will be able to provide new opportunities for sales (Lebedeva et al., 2016). In turn, such innovations must meet the needs and preferences of potential customers.

Control includes the analysis of the results of services promotion at the market and check of how these results reflect the truly complete and successful use of the existing opportunities in tourism.

However, marketing is expanding its functions, with particular emphasis on the relationships with consumers. Long-term relationships with customers cost much cheaper than the marketing

expenses needed to gain the consumer interest of a new customer to the company's services.

The tourism product should first be a good acquisition. In this regard, the tourist marketing is sustained actions of tourism enterprises aimed at achieving this goal.

#### **4. CREATION OF A QUALITY TOURISM PRODUCT AS A MARKETING FUNCTION**

The marketing strategy considers the formation of consumer properties and qualities of tourism services as an important mean of achieving the goals.

For the formation of high consumer properties of a tourism product, qualitative assessments are crucial. Any tourist service is characterized by a functional value, i.e., the way to meet the certain needs (sleeping accommodations, rest, food, telephone, etc.), on the one hand, and its quality, on the other hand.

In practice, the same travel services get different assessments from the administration, staff of travel companies and its clients. The travel company administration estimates the services, guided by the established standards and regulations; the staff evaluates them based on their duty regulations and salary. Its assessment to the travel agency services, which is absolutely different from other services, is given by the customers, who are based on their own opinions, impressions, and feelings.

The quality control goal is to achieve the coincidence or closing of these all three evaluations. For this the administration needs to establish a system of quality management program, which would have a direct connection with the marketing strategy.

Let us give a definition of the tourist services quality. Quality is the correspondence of the provided services to the opinions and expectations of travel company's customers, and the established standards and requirements.

The quality evaluation of tourist services in the process of their supply, execution and consumption is carried out according to a number of criteria as follows:

- A quality criterion may be the properties of services that can meet the needs of a customer; the more of these properties a particular service has, the more high quality it is considered;
- Absence of disadvantages in service may also be a criterion;
- A quality evaluation may be determined by how the service process is carried out, to how a customer is satisfied, and what impact this process has on his or her trust to a travel company. If a travel company does not have a high service quality, it is not able to achieve the main marketing purposes.

The quality management program includes measures affecting the work of all travel company departments and services. Its constituents are:

- Marketing researches and assessments of the services quality;
- Modernization of the material-technical base and provision with material resources;

- Development and improvement of common standards, requirements, and service regulations;
- Labor motivation and professionalism improving of employees;
- Creation hospitable atmosphere;
- Financial resources mobilization;
- Improvement of quality control.

First, to develop a quality control program, it is required to set goals. If a goal is to retain the available customers and expand their number by attracting new visitors, you need to solve the following tasks:

- To solve the issues related to the supply quality fast thanks to feedback;
- The ability to assess the actions that improve or worsen the tourism supply level on a tourism company scale;
- Continuous monitoring of measures taken to improve the quality (marketing plan);
- Establishment a base for education and training of the personnel for the sales process with quality traditions.

The process of quality control program implementation is divided into four stages:

Stage 1: Definition of quality measurement scales. When we talk about quality standards, we ask the main questions as follows: “How and at what level should certain services be performed?” This stage should describe in a detailed catalogue all services that the management of travel companies would like to provide. The customer determines the level of quality, regardless of the institution size. At the same time, we mean the “standardized” quality.

To take the first step, i.e., to determine the quality scale, all forms of standardization concerning the quality are used. Clearly defined scope of quality which are connected with the work volume, working conditions, and education level of personnel, must be realistic and achievable to become the basis for all future improvements.

Stage 2: Asking questions checking quality. Here we must distinguish the sphere which is in contact with customers and the sphere of tourism business.

Stage 3: Control, actions, evaluation. Feedback forms, which are used by the departments directly serving customers to find out their opinion about the service quality, has been in use in many travel companies for a long time. The feedback received with their help makes information to be updated based on the evaluation of the received responses. Here the head of a travel agency has an opportunity to directly get the information from a customer, which can be a praise or reproach for customer meeting and service.

The first place must take an immediate “action.” This means that if the guest’s complaint is right, appropriate measures for its elimination should be taken, and, if it is possible, there should be a direct contact with a customer. These actions are often enough for the travel agency with a good management control level. However,

for constant quality checks in tourism it is better to consider a customer’s complaint more widely, in order to draw the general conclusions and constantly make progress based on it. It is made to see during a month where new problems arise in the customer service departments.

In addition, it is reasonable that tourists filling test-forms estimate all the services provided by travel agency, and based on written feedback forms give them a qualitative assessment. Sincere opinions of even five customers per month can help to improve the quality control of the enterprise services. Quality control should also be used as an additional argument in the services sale. Thus, tour operators using guest feedback forms can obtain information about the tourism company quality level.

In addition, not only guest feedback forms which are used in the departments working with customers, but also the periodically filled quality control sheets are the basis for the development of professional training programs for the staff of internal divisions. The travel company staff should aim at improving the quality, considering the problem from the point of view of the customer, on the other hand, the quality check program also contributes to a better interaction among the single divisions of the tourist company. Needless to say that the quality check programs should be adapted to the needs of an enterprise. Loss of time on the development of such measures is justified.

Stage 4: Setting of quality objectives in the marketing plan. In addition, the annual marketing plan reflects not only the analysis of market conditions, but also, that is more important, the analysis of the “own” production. This, first of all, involves the service quality on the enterprise. As a part of business planning quality standards of the tourism company should be defined, which are established in the marketing plan as the ultimate goal and controlled by the most severe critic – the customer.

In general, the quality service management system should pay a more specific attention to the quality control. We are talking about the establishment of permanent and effective monitoring of plan performance to improve the quality and taking measures to remove disadvantages. The daily control and quality check of the services execution in all tourism enterprise departments and services.

It is important for the travel company to pay particular attention to the work with customer complaints. A well-timed and correct response of the travel company to a complaint or customer’s request will leave a good impression about the company and help to make him or her their regular customer in the future.

## 5. CONCLUSION

In the most saturated tourism markets of our country the interest of leaders and employees responsible for management in travel companies to the marketing and planning issues is constantly growing.

Marketing activity is an activity aimed at studying and meeting needs and desires through exchange.

The basic principles of marketing in tourism are:

1. The general focus, i.e., the orientation of the production outcomes to the real demands and wishes of consumers
2. Complexity
3. Intangibility
4. Inconsistency of quality
5. Perishability.

The actual sale of tourist services is a final aim of the marketing strategy of enterprise. You can have plenty of attractive and affordable tourist services, widely cover them in the mass media for potential customers, but if a travel company will not create an effective sales system, it will not be able to solve the main task of marketing, which is to receive the planned revenue and profit.

An entrepreneur cannot retain the consumer if there is no return on invested capital and if he or she does not invest the profits into new production in order to remain competitive and be able to satisfy the customers. Thus, marketing is not a one-use or unambiguous action or measure that is restricted by time or functional limits.

Modern marketing, which is often called the complex marketing (marketing-mix), affects all spheres of every tourism company, its organizational and functional structures, and the implementation of marketing measures is becoming an everyday concern and practice, only a third of tourist services market in Russia requires from travel companies the development and implementation of marketing policy. The marketing-mix program in tourism business includes the creation of an attractive tourist product, promotional activities of tourist companies, advertising and PR as means of tourist product promotion.

The uneasy situation of tourism services market in Russia requires from tourism agencies the marketing policy development and implementation, the main goal of which is to provide the maximum load and income.

The development of market relations in Russia has led to the competition at the Sochi tourism services market, which in turn required the creation of specialized marketing services in tourism enterprises.

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