

## **Peculiarities of creating advertising activities on the tourist services market**

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### **Abstract**

Advertising serves different purposes, affects the economy, ideology, culture, social climate, education and other aspects of our life. This fact determines the need to study the formation of advertising activities in the tourist market, especially in the development and implementation of practical elements for improving the effectiveness of promotional activities of tourist enterprises.

The article defines functions of advertising in tourism and effectiveness of implementation of advertising activity at tourism enterprises. Specific features are allocated which related to formation of the tourist product and the main elements necessary for the implementation of the high-quality tourism product on the world market. The factors trends and the constituents that determine the role of tourism in modern society under the conditions global economy where investigated. The results of research in the article can be used by as a source of information for the formation of of advertising activity on the market of tourism services.

**Keywords:** economy, tourism, advertising, marketing.

### **Introduction**

In connection with the complication of the conditions of operation of enterprises in the market of tourist services there is a need to identify additional competitive advantages.

The desire of business entities to realize tourist services and to maximize profits in the face of fierce competition encourages them to re-evaluate their own capabilities, analyze advertising and information activities, study the infrastructure of the tourist market. This fact determines the need to study the formation of advertising activities in the tourist market, especially in the development and implementation of practical elements for improving the effectiveness of promotional activities of tourist enterprises.

### **1. Literature review**

Among the Ukrainian and foreign researchers who has made a significant contribution to the development of the concept of advertising, the most thorough are the works: Azar V., Burnett J., Fedorova I., Fryburger V., Golda N., Gorbal N., Demyanenko V., Jefkins F., Lukyanets T., Moriarty S., Novikov B., Pearce R., Potapenko S., Primak T., Rotzoll K., Sandage C., Smirnov I., Wells W.,

Yadyn D. et al. However, theoretical positions and practical recommendations regarding to the formation of advertising activities of tourist enterprises remain poorly researched. Insufficient attention is paid to the economic mechanism of effective use of funds for this type of activity. The relevance of these problems has led to the choice of research topic.

*The main objectives of the article* are to define and to formulate the principles and methods of forming advertising activities in the market of tourist services in the conditions of globalization of the economy. for construction of effective advertising activity of the enterprise in the tourist sphere taking into account various factors of influence.

## 2. Methodology

The interest in advertising as a phenomenon of modern life is due to the multifaceted nature of the phenomenon itself and not less complex perception of its various people and social groups. Advertising serves different purposes, affects the economy, ideology, culture, social climate, education and other aspects of our life.

Given the diversity of forms and methods of advertising and generalizing the scientific experience in this field, it is necessary to highlight five main features that we think are inherent in advertising: informative messages; ability to persuade; mass and all-public nature; one-sided orientation and non-personal character; full control at all stages of the advertising process.

## 3. Results

**3.1. Advertising – integral part of the marketing system.** Advertising is an integral part of the marketing system and the channel for disseminating information on the market. Therefore, the formation of more complete knowledge about advertising is impossible without studying its main functions, that is, "the role of advertising" in the economy and society in the process of communication (*Jefkins and Yadya, 2015*).

In our opinion, advertising has 6 main following functions: information, communication, exhortation, social function, economic, controlling.

According to the functions of advertising there are also such effects that can be obtained from the advertising activity in Fig.1.

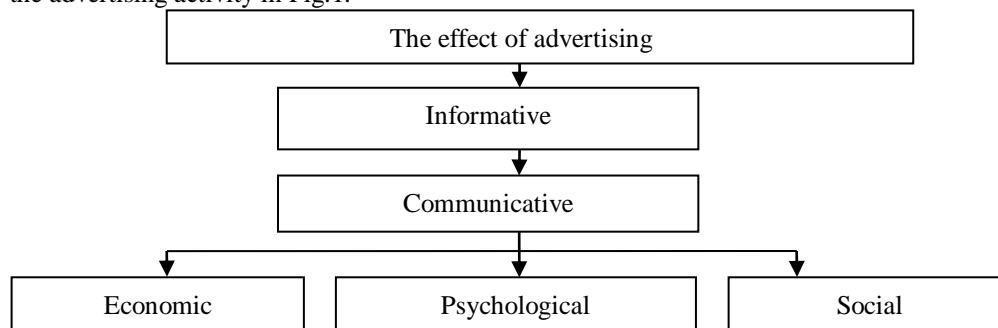


Fig.1. Varieties of the effect of the implementation of advertising activities by the enterprise\*

\*Source: constructed by the author's.

Advertising is a complex and dynamic process, which for many centuries is a constant human companion (*Gorbal, 2009*). The nature of advertising, its content and forms constantly changed under the influence of scientific and technological progress, with the change of socio-economic formations and in accordance with the requirements of people at a particular historical moment (*Golda, 2014*).

However, the effective implementation of advertising activities in the tourism industry is impossible without a comprehensive study of advertising processes and characteristics of tourist.

**3.2. System of advertising activity at a tourist enterprise.** To study the advertising activity of a tourist enterprise as a communicative system, one should consider a process in the form of a closed loop, where the main elements are:

- a tourist enterprise;
- advertising agency is a special department of the tourist enterprise;
- advertising distributor;

- consumer of tourist products.

These four elements form the outer contour of the movement or frame of the system, and the middle of which it is being built is a tourist service (Fig.2).

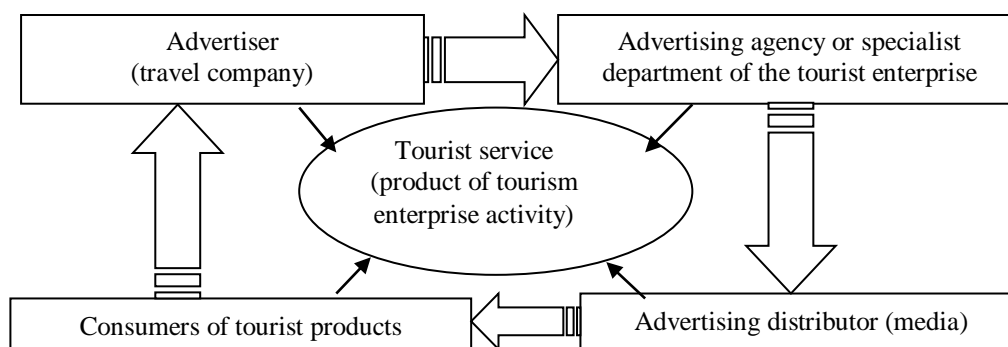


Fig.2. System of advertising activity at a tourist enterprise\*

\* Source: constructed by the author's.

Based on the research carried out the concept of «tourist product», it has been established that the characteristic feature of the process of formation of modern advertising activities of tourist enterprises is the acquisition of a new role as a result of taking into account the specific features inherent in to tourism in the management process.

The urgency and importance of the developed process of formation of advertising activity at the tourist enterprise is that the structure of the world market is constantly complicated and marketers need to adequately respond to these changes.

When planning an effective advertising campaign, tourism can not ignore the specifics of this industry and the characteristics of a tourist product.

Based on the research conducted, it is determined that the tourism product has certain specific properties that must be taken into account for planning the company's advertising strategy. Firstly, the tourist product combines services and goods. Secondly, the demand for a tourist product is elastic and depends on the prices for tourist services, the level of customer income, climatic, political, economic, environmental and social conditions. Thirdly, an important aspect in the process of implementing a tourism product and the formation of advertising activities is a diversified pricing system, which depends on the policy of the tourist enterprise, the individual characteristics of customers and the characteristics of the market in which it operates. In addition, the tourism sector is characterized by a gap in time between the moment of price setting and the moment of purchase of tourism product. Fourthly, the places of sale of a tourist product are usually remoted from the places of its consumption. That is, a customer who purchased a product through a travel company needs to bridge the distance to where its needs will be met. Fifthly, the tourism products are the result of a complex action of several enterprises, each of which has its own goals in organizing the advertising process.

Thus, the result of tourism activity is to form a tourism product, which is the result of the efforts of many enterprises and for the implementation of which a set of complex heterogeneous elements is needed.

**3.3. The factors influencing the advertising activities of a tourism.** For planning the company's advertising strategy, it is necessary to take into account the constant variability of the quality of tourism services, which depends on many factors, conditionally we are divided into three groups. The first group includes factors that are not directly dependent on the company: for example, the natural, climatic, political, economic and environmental condition of the country during the travel of the client. The second group is connected with the work of the enterprise hosting the visitors. The last group of factors includes subjective features and the uniqueness of the consumer himself. The subjects of the tourism market function in a complex system under the influence of many factors.

Therefore, tour operators and agents need to study market trends and respond in a timely manner to changes in the environment. In accordance with the marketing direction of the research in the article, we have identified economic factors, which are grouped into three blocks by the degree of possible influence on them.

The mechanism of formation of effective advertising activity in the tourist enterprise on the basis of system analysis of economic factors of influence is shown in Fig.3.

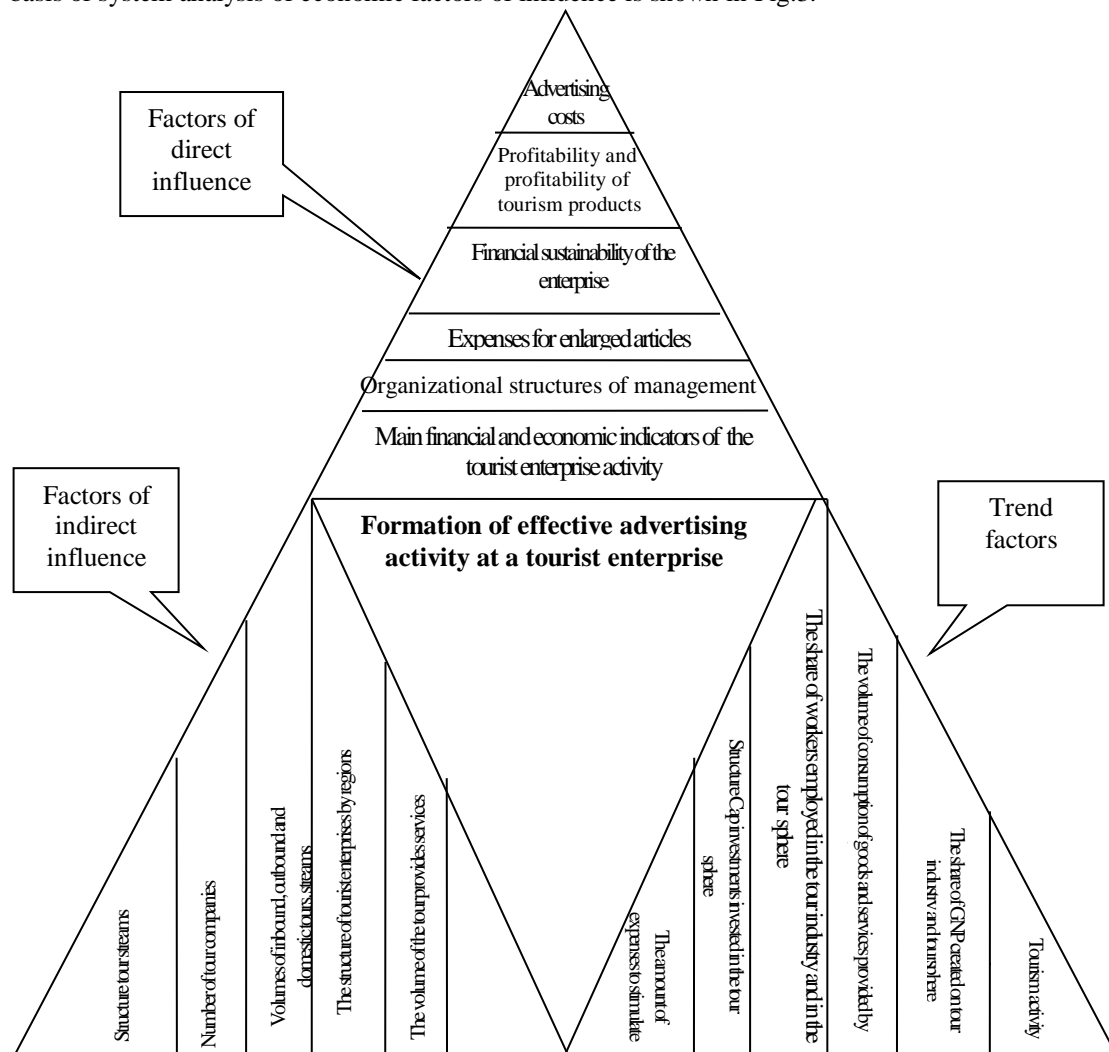


Fig.3. The system of factors influencing the advertising activities of a tourism enterprise\*  
 \* Source: constructed by the author's.

The analysis of factors allows companies to detect changes in the structure of tourist flows and on their basis to coordinate economic activities and advertising, in particular; to study the total amount of tourism services and to determine the priority directions for the promotion of a tourist product; assess the level of competition in the national market and review the range of services offered.

Consequently, the need to analyze the factors of influencing the advertising activities of the tourist enterprise is due to the direct dependence of the subject of economic activity on the national strategy of tourism development of the state, which, at the same time, should correspond to the trends that are emerging in the international market.

**3.4. Model for forecasting the results of an advertising campaign.** In order to prevent inefficient spending of funds by tourism enterprises, a model for forecasting the results of an advertising campaign was developed within the research.

When developing this model all elements of the system are divided into two parts. The first is the definition of the forecast value of the total amount of allocations for advertising activity, the second – the distribution of budget funds, depending on the means of distribution of advertising.

The basic set of equations is based on calculated coefficients of variability and the following set of equations is obtained:

$$\left\{ \begin{array}{l} Y_1 = \frac{1000 \cdot 1,04 VA \cdot X_1}{1,04AU_1} \\ Y_2 = \frac{1000 \cdot 1,02PA \cdot X_2 \cdot X_3}{1,02AU_2 \cdot X_2' \cdot X_3'} \\ Y_3 = \frac{1000 (1,02OV + 1,01PS \cdot X_4 + 1,01VO + 1,01VM) X_5}{1,02AU_3} \\ Y_4 = \frac{Y_1 \cdot 1,04AU_1}{1000} + \frac{Y_2 \cdot 1,02AU_2}{1000} + \frac{Y_3 \cdot 1,02AU_3}{1000} \end{array} \right. \quad (1),$$

where,  $Y_1$  – expenses for advertising activity in the press on the basis of 1000 consumers, UAH;  $VA$  – cost of advertising space, UAH;  $X_1$  – periodicity release period, element;  $AU_1$  – audience (circulation), persons;  $Y_2$  – expenses for external advertising activity per 1000 consumers (viewers), UAH;  $PA$  – price of the advertising plane (1 shield), UAH;  $X_2$  – number of designs, element;  $X_3$  – periodicity of output, months;  $AU_2$  – audience (number of potential audience contacts with one advertising space per month), individuals;  $Y_3$  – expenses for exhibition activity per 1000 consumers (visitors), UAH;  $OV$  – organizational fee, UAH;  $PS$  – price for 1 m<sup>2</sup> of the equipped exhibition space in the exposition, UAH;  $X_4$  – number m<sup>2</sup>, element;  $VO$  – cost of additional equipment, UAH;  $VM$  – advertising material costs, UAH;  $X_5$  – number of events (exhibitions), element;  $AU_3$  – audience (number of contacts of the audience with the exposition), persons;  $Y_4$  – volumes of total expenses for advertising activity in the press, outdoor advertising and exhibitions (budget of advertising campaign), UAH.

All the calculations we are offered to do are made using the Excel program, which calculates the macro to calculate the simulated values for entering the input data of a certain period with a quarterly interval. We believe that this period is optimal, since the pair regression equation, on which the model of prediction of the results of advertising activity in the tourist enterprise is constructed, better reflects the economic situation in a stable environment. Therefore, to calculate the forecast advertising budgets for the following years, tourist companies need only update the incoming database. All other indicators will be calculated automatically for the specified new conditions.

The disadvantages of a prediction model include the need for a significant statistical base to obtain appropriate coefficients of variation and its continuous updating (ideally quarterly).

## Conclusions

We believe that such model is convenient and effective in planning the advertising activities of a tourist enterprise for the next years. However, for using it you need: firstly, constantly update the information base; and secondly, in determining the values of factors do not exceed the limit of one-third of the scale of variation and, thirdly, with a sharp change in the external environment, immediately revise the calculated regression equation.

In connection with the complication of the conditions of operation of enterprises in the market of tourism services there is a need to identify additional competitive advantages. The desire of business entities to realize tourism services and to maximize profits in the face of fierce competition encourages them to carry out advertising and information activities, to study the infrastructure of the tourism market and to form the effective advertising activities in the market of tourism services.

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