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THE DEVELOPMENT OF MARKETING SERVICES IN THE REGION'S ENTERPRISES

ABSTRACT. This year marks 110 years since the emergence of the term «marketing» in the world of thought. Russia, as we know, began its formation much later. So, in April 2011 Marketing in Russia celebrated its 35th anniversary. However, the comprehensive and systematic ascent of the marketing of Russia actually started in the late 1980s - early 1990s, with the transformation of its economic system. As for Russia's regions, in each of them there is a history of marketing activities in enterprises. In earlier studies, we identified trends in the organization of marketing services of the Ulyanovsk region in the 1990s, on the basis of interviews with 210 employees. At the present stage of our investigation, we have set out to analyze similar trends in the 2000s. The results of benchmarking studies of the formation of marketing services for businesses of the Ulyanovsk region in the 2000s and their comparative analysis with similar results in the 1990s to identify trends in their development are presented in this article.

KEY WORDS. Marketing, benchmarking, organization of marketing activity of companies, development tendencies, region.

This year marks 110 years since the emergence of the term «marketing» in the world of thought. In April 2011, marketing in Russia celebrated its 35th anniversary. But anniversaries are always traditionally associated with summing up. We shall analyze them as an example of regional experience.

The comprehensive and systematic ascent of marketing in Russia actually started in the late 1980s and early 1990s, which began with the transformation of its economic system. In earlier studies, we identified trends in the organization of marketing services to businesses of the Ulyanovsk region in the 1990s, based on interviews with 210 companies in the region [1, 53-64]. We can briefly say the following.

The earliest date for marketing services in the Ulyanovsk region is 1990, so one can conclude that in the 1990s a process of gradual institutionalization of marketing began in the enterprises of the region. In general, this date may be considered appropriate within Russian parameters [2, 361].

Most of the new experts were taken on in newly created departments with positions such as: marketing engineer or technician, marketing manager, sales manager. All these people had very little understanding of marketing as a particular sphere of activity in modern business: 87% of those who came to marketing in 1991-94 in the Ulyanovsk region were engineers by training, the rest consisted of teachers, construction workers, psychologists, etc. At best, the average marketer at that time

knew a few technical terms. The functional responsibilities of new experts were formulated very vaguely. Their training was through trial and error, mostly in the development of only two marketing tools of impact on the market: sales and advertising. Most of the classical marketing functions (price, developing new products, etc.) were «scattered» in various departments, and thus marketing performed rather a subordinate role concerning other management functions.

The situation began to change only in the mid to late 1990s. Russia's economy was gradually becoming more and more open. Active accumulation of experience in conducting marketing activities contributed to its further development in regional enterprises in this period. Moreover, the crisis of 1998 taught Russian business many lessons.

During this period, the evolutionary implementation of marketing in the organizational management structure of regional enterprises deepened. Firstly, the process of creating marketing departments continued and became more dynamic. Secondly, the importance of marketing in business and the status of its leaders gradually began to increase, largely due to a fundamental change in the content of work in companies.

By this time, regional companies were beginning to explore the development and delivery of technology to the market not only in terms of quality and relevant products, but also all the accompanying promotional marketing mix: competent, effective and creative pricing, marketing and communications solutions. As a result, this activity began to actively cover the various aspects of the functioning of the company, resulting in a concentration of marketing functions in separate departments, the heads of which began to provide overall guidance to both sales and marketing departments. This means that marketing began to perform in the company an independent function of management.

With the development of this type of activity, companies grew to have no need for general specialists in this area, but for niche ones. In other words, there was a desire to diversify the activities of employees in the marketing department, which lead to the appearance of new data services jobs: marketing managers, brand managers, public relations managers, etc.

Education, age and qualification demands formed. In particular, more and more companies consider that to find employment, not just higher education is necessary, but also economic education. The age limit for employment has changed: the job descriptions of these service professionals in some enterprises directly reference, for example, the 40-year-old bracket (Figure 1).

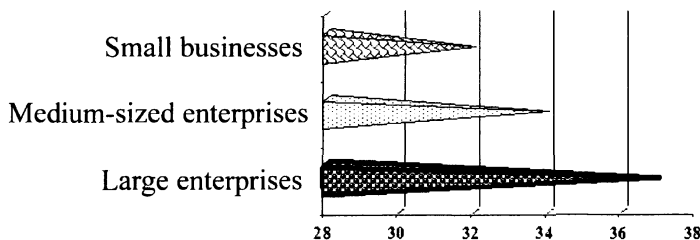


Fig. 1. Average age of marketing services of Ulyanovsk region company employees in the 1990s

In these circumstances, many companies began to rotate their marketing staff in order to improve «quality», which led to the need for either new recruitment or advanced training of existing employees. In turn, high schools had already begun to produce new labor market specialists - marketers based on the approved standard in 1994 to prepare them. Accordingly, the processes identifying staff turnover contributed to a significant increase in the educational level of employees of marketing services, but, nevertheless, the total educational picture in this area still had significant room for improvement (Figure 2).

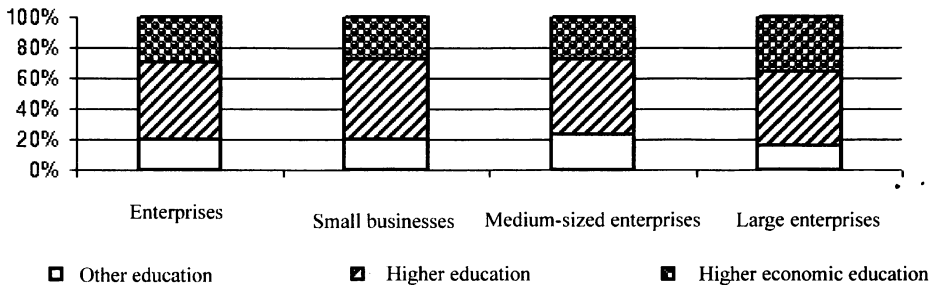


Fig. 2. Educational characteristics of employees of marketing service enterprises of the Ulyanovsk region in the 1990s

Overall, at the end of the study period (2001), marketing departments operated in 40% of the firms surveyed, employing 2.5-5.5 people depending on company size (Fig. 3).

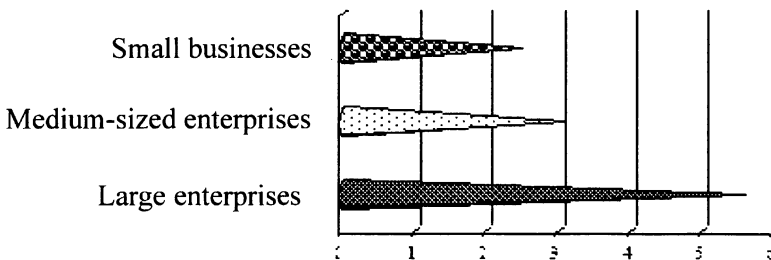


Fig. 3. The average number of employees in marketing service enterprises of Ulyanovsk region in the 1990s

Thus, from the late 1990s, marketing began to emerge as a system activity of regional enterprises. Accordingly, the content of marketing work fundamentally changed, and the quality of human resources to perform it increased.

But not only its complexity strengthened. Strategic marketing management began to implement its first steps in regional enterprises, the role of which was to trace the evolution of the existing market and identify potential markets by analyzing the needs to be satisfied [3, 8-10]. The tools for carrying out this work in marketing are marketing studies that link through information marketers to markets, customers, competitors, with all the elements of the environment of the enterprise [4, 22].

With the development of a strategic element, marketing continues to shift from partial integration in enterprises, with an equal function in enterprise management, to complete integration, which is to orient all areas of the company to the demands of the market. The process of marketing coordination with other spheres of production of the company begins.

At the present stage of the study our objective is to review similar trends in marketing services to businesses of the Ulyanovsk region in the 2000s compared with the previous decade.

During this period, from the point of view of marketing there are three groups of regional businesses. The first group of companies, still quite broad, includes those which continue to deny the need for the introduction of marketing (universities, banks, small businesses, construction, etc.). In these enterprises, distribution and advertising functions are generally carried out with varying degrees of intensity. In the second group of companies, marketing activity becomes integrated. Accordingly, individual experts or independent marketing divisions begin to introduce onto the market an integrated marketing program with almost no performance analysis.

The third group, benchmarking, which includes enterprises involved, firstly, with regular and active analysis, and, secondly, which demonstrate on the basis of the results obtained effective action to move their goods to market. It is to this group that we devoted the next phase of research, to understand how the organizational forms that we studied in regional enterprises integrate marketing models.

In terms of sectoral aspects, the «benchmarking thirty» includes both manufacturing enterprises (industries: furniture, construction, printing, confectionery, automobile, motor, mineral water, knitwear, clothing, meat), service industries (mobile communication, health resort, banking, medical, entertainment, as well as Internet and photo services), as well as trading companies (selling food, cars, furniture, industrial, construction and domestic goods).

In general, it should be noted that at this stage of development in all the companies studied there are Marketing or Marketing and Advertising Departments. In this case, a group of companies employing up to 50, and from 51 to 200 people, has 1-2 marketers who are either included in the sales department of the company, or are structured in an independent marketing group that operates in parallel with the company sales department and the subordination of various leaders. More extensive and independent marketing divisions occur when there are more than 200 employees in the company. With up to 500 employees there are usually 3-4 marketers in the Marketing department, then 5-6. Finally, when the number of employees is 2000 - 5000, 6-9 marketers operate in management or the Department of Marketing. Again, different options for structuring are used in large enterprises. In all enterprises operate Marketing and Sales departments, but in some cases they operate in parallel with each other and are subject to different managers. In others there are two separate divisions, Marketing and Sales, but under unified leadership. (Fig. 4).

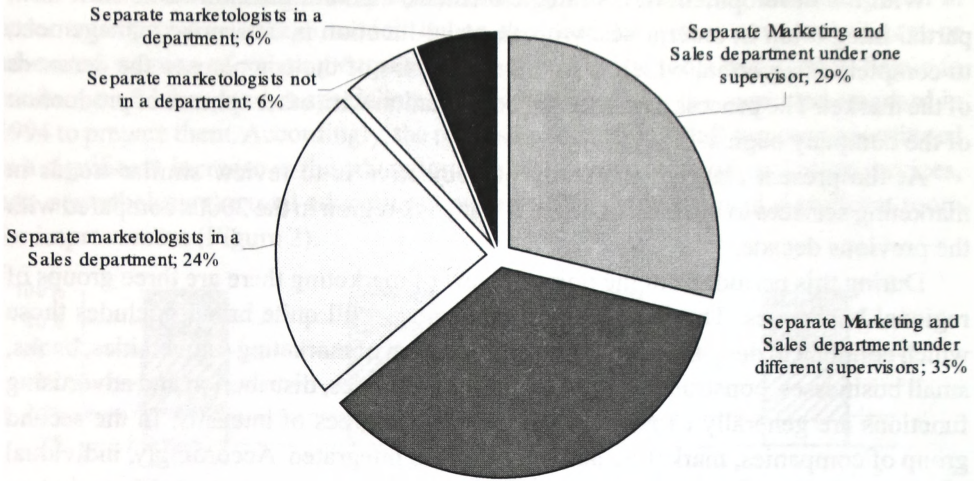


Fig. 4. Structuring marketing in the studied plants in the 2000s, %

Overall, the dynamic changes in the number of specialists in marketing services changed in recent decades as follows. At the beginning of the 2000s more actively new marketing services were created in enterprises, and increased their regular structure. The crisis has reduced the number of marketers on average by 10%. As for the post-crisis period, the size of marketing so far has not only restored, but even begins to exceed the pre-crisis level (Fig. 5).

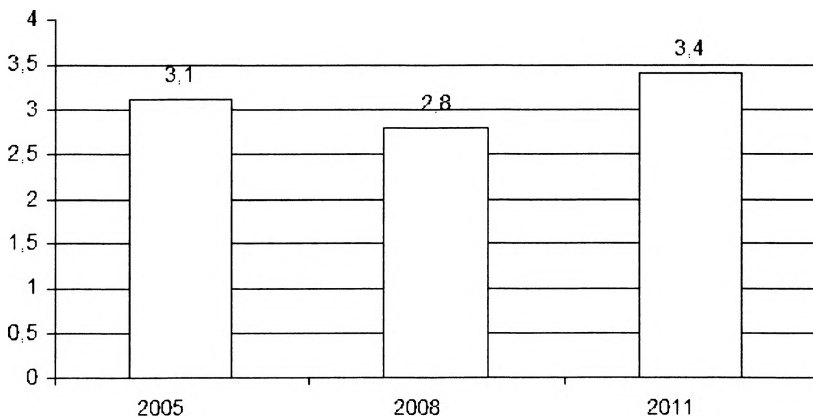


Fig. 5. Dynamics of change in the average number of workers in the studied marketing service companies, people.

Analytical work in enterprises is done by marketing or advertising specialists. Only in 25% of companies is a job such as marketing analyst present on the staff, the occurrence of which is fixed only in the second half of the 2000s. Consequently, with very few exceptions, this work is combined with other marketing work. However,

60% of their time at most is devoted to research, and the responses to this question indicated sometimes as little as 5-10%. Thus, relative to the total composition of companies, the average is 21% (Fig. 6).

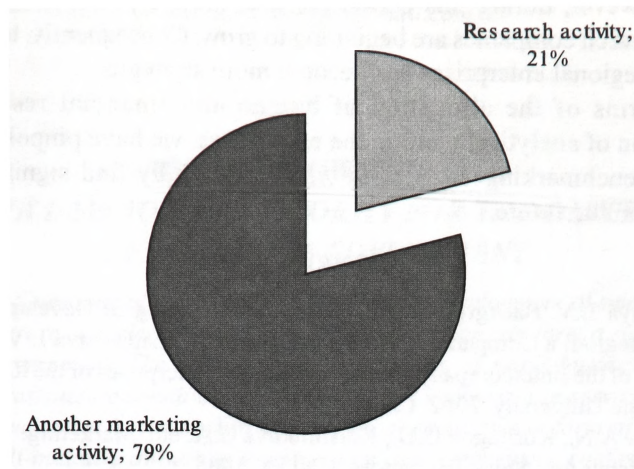


Fig. 6. Institutional share marketers doing analytical activities in the marketing study on enterprises in the 2000s, %

In recent years there has been a substantial increase in the educational level of marketing companies, since 100% of their specialists go through higher education. In addition, marketers in large enterprises in the majority are trained in economics, sociology, marketing, advertising, or PR. Small businesses all have marketers with higher education (but including technical or other types of education). In addition, large enterprises offer active training on additional marketing programs, both external (outside and within the region), and organized directly by companies. The programs are various: Branding, Low Budget Marketing, Marketing Strategy, Sales Training, Technology Loyalty, Positioning, Technology Development Sites, etc.

Finally, it is important to note the «rejuvenation» of marketing personnel at Ulyanovsk plants — the age of marketers is from 21 to 34 years. As for work experience, 60% of marketers have work experience in the field of marketing of over 4 years, 25% of up to 4 years, and only 15% of less than one year.

Summing up the above analysis, it is reasonable to conclude that the studied group of benchmarking enterprises increasingly is in the path of intensive development of marketing services. Today a sufficiently educated and skilled workforce in marketing is employed by regional enterprises.

The gradual accumulation of marketing experience, the complexity of the market environment and increased competition in the region from the middle of the 2000s not only developed operational marketing, but also stimulated «analytical» marketing, providing strategic marketing. In the end, the marketing policy of benchmarking firms is active in the marketplace and is aimed at achieving desired changes in the

environment. In addition, nowadays almost every commercial company in the regional market has started to do market research, even in the simplest forms. Of course, the implementation of research in many enterprises is not always regular, efficient and objective. However, during this period the quantitative performance indicators of marketing research companies are beginning to grow. Consequently, today marketing of almost all regional enterprises has become more strategic.

But in terms of the allocation of human and financial resources for the implementation of analytical work in the enterprises, we have pinpointed a situation where even benchmarking enterprises will undoubtedly find significant room for improvement in the future.

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