

ECONOMIC AND LEGAL BASIS OF ADVERTISING MANAGEMENT UNDER CURRENT CONDITIONS

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INTRODUCTION

Today, along with the need to produce competitive products, companies face the task of effective implementation. A successful solution to this issue is impossible without the use of advertising as a powerful lever that encourages a potential consumer to purchase a product from a particular manufacturer. Advertising is one of the four main means of influencing the consumer in the complex of marketing communications along with sales, promotion, and sales promoting. It is designed to solve the most difficult task of stimulating and generating demand. Therefore, modern advertising acquires a new role as a result of its involvement in the process of managing the company's activities. Essentially, it is an integral and active part of the marketing system, which level of development determines the quality and efficiency of the manufacturer's advertising and information activities and its compliance with the new requirements of the world market.

The market environment demands to increase a company's efforts in the advertising organization

as one of the significant factors of successful positioning in it. Therefore, the importance and level of complexity of tasks in the field of advertising increases, which, in turn, requires the development of scientific-based measures to improve the efficiency of advertising management. E.G. Erlygina (2019), S.M. Kachalova (2019), M.S. Maksimova (2019), A.I. Popova (2020), N.V. Pyanova (2019), L.M. Tuktamysheva (2021), and others consider in detail the issues of the advertising development. However, the issue of an optimal advertising organization is insufficiently studied from various points of view. In addition, in the specialized and scientific literature, the economic and legal basis of advertising management under current conditions is undeveloped.

METHODS

As the theoretical and methodological basis of the research an abstract-logical method, methods of induction, deduction, analysis, synthesis, and systematization (to substantiate approaches to advertising management) and the graphic method (to study the level and trends in the development of marketing activities under current conditions) were used. The information basis of the study is the data of state bodies, legislative documents regulating marketing activities, and results of scientific research (AGAMIROVA et al., 2017; FROLOVA et al., 2019; SHISHANOVA et al., 2020). In the course of the study, it is planned to substantiate the economic and legal basis of advertising management under current conditions, mathematical models, and information technologies in the decision-making process to improve its efficiency.

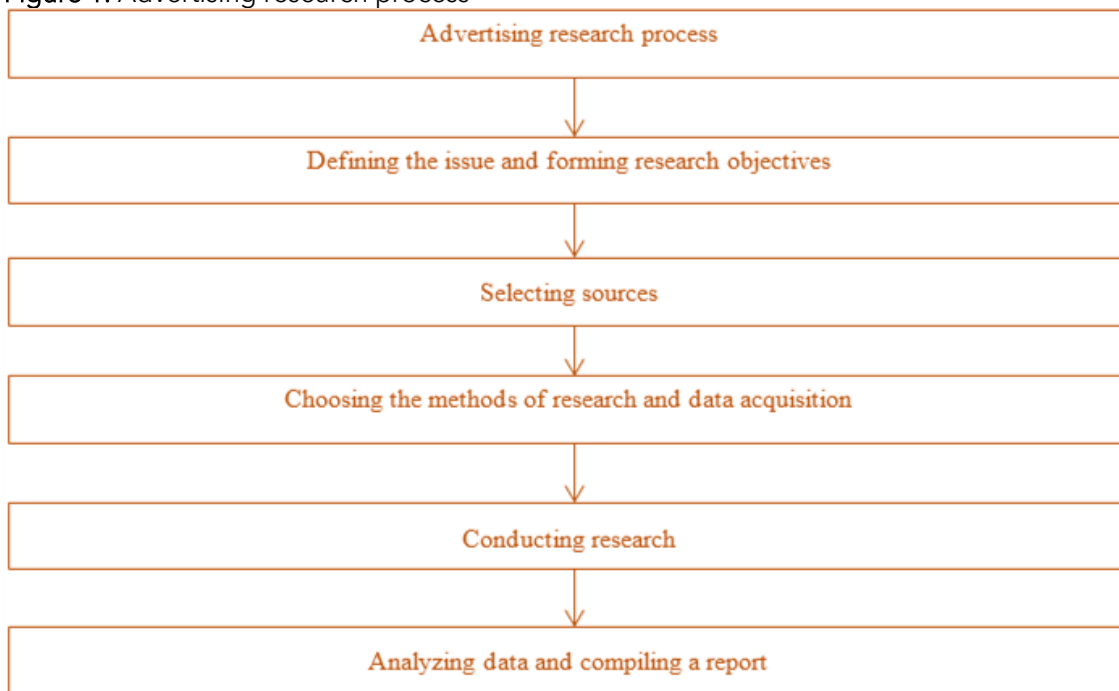
RESULTS

Advertising is one of the important components of marketing, and its effectiveness depends on purposefulness, clarity, consideration of the advertising characteristics and audience, degree of market research, and choice of advertising media. Therefore, advertising management makes up a system with the following stages: research, budget planning, evaluation of the effectiveness of an advertising campaign, operational management of its

project, and monitoring of advertising activities. According to this concept, advertising research, being a component of marketing activities, includes the following steps: study of potential consumers, analysis of advertised products and sales markets, and study of advertising media. This process secures a company from unjustified spending on advertising.

In addition, the validity and reliability of the results of advertising research largely depend on the following steps: defining the issue and forming research objectives, selecting sources, choosing the methods of research and data acquisition, conducting research, analyzing data, and compiling a report (Figure 1). Information is a tool by which companies build their communication chains combining their internal economic environment with the external one. The closer such integration, the higher the company's ability to respond to changes in the market. The marketing communications system is complex and constantly evolving. Analysis of the current situation on the world market allows classifying the information that companies operate in their activities, according to its role in the system.

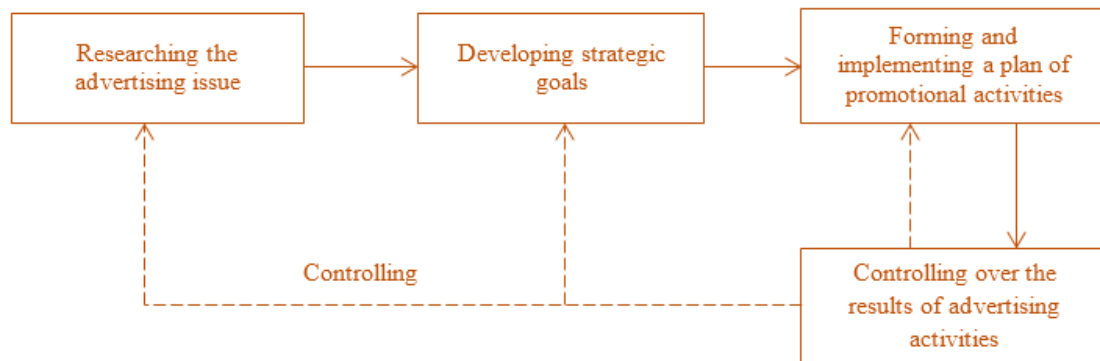
Figure 1. Advertising research process



Source: Search data.

We can highlight: 1) information that can be attributed to the tactical and strategic development of the company that plans to enter new sales markets; 2) various advertising information; 3) information that can be attributed to anti-advertising; 4) regulatory and legal information that relates to laws and standards for the implementation of activities or the implementation of technological processes; 5) information that provides feedback during various marketing research and study of sales markets.

Openness and wide availability are inherent in only three types of company information, namely: advertising, anti-advertising, and regulatory information. Thus, it is possible to identify the boundaries of the internal and external environment of companies at the conceptual information level, form a model of their interaction, and create a balanced communication policy. The strategic goal of any company is to obtain as much profit as possible from the implementation of its economic activities. Therefore, the stimulation of sales is one of the tasks of advertising. Therefore, an important conceptual provision is the model of an advertising campaign organization (Figure 2).

Figure 2. Model of an advertising campaign organization

Source: Search data.

The most popular means of communication (radio, television, print media, the Internet, etc.) have a specific use in advertising and can be considered as channels for the distribution of advertising messages. Specific indicators characterizing each means of communication include, first of all, the cost of monetary resources intended to attract advertising funds, and expected profit from their use. In addition, this specificity should be considered in the budget planning stage as a process of defining its goals and justifying ways to achieve them. It includes four steps: defining goals and objectives, budget justification, distribution of financial resources between channels for the distribution of advertising messages, and choosing channel means in the advertising process.

Defining goals and objectives of the advertising campaign as well as budget justification is the prerogative of the management personnel of the advertising organization. Their solution depends on the financial condition of the company, and the budget size that can be determined both by expert and through the use of scientific research methods. Therefore, a model based on the assumption that the function of changing the sales amount of a product for a certain period depends on four factors: advertising costs, reaction of sales to advertising, level of market saturation with advertised products, and rate of change in the sales amount.

This model reflects the process of financing an advertising campaign over a certain period. The amount of advertising costs for a certain period is closely related to the sales amount. Another model is focused on a stable market with no increasing demand, for which advertising is a function of sales growth or market share. This model allows us to consider the degree of reaction to advertising and the effect of forgetting it. However, the presence in this model of a large number of parameters, the initial value of which can be obtained only by an expert, significantly reduces the accuracy of calculations and increases the complexity of using it.

The tasks of distributing financial resources between channels for distributing advertising messages and the choice of channel means are much more difficult. They are multivariate tasks that require the selection of the optimal option according to the criterion most acceptable from the point of view of the advertiser. In this regard, these tasks must be solved using models and methods of optimal planning (mathematical programming). In general, the issue of allocating the advertising budget is formulated as follows. It is necessary to optimize the amount of funds that are to be invested in the channels for distributing advertising messages to maximize the company's profit from the advertising campaign, considering the limited budget and possible investments in each of these channels. In addition, one of the important conditions of an advertising project is to ensure the receipt of profit per unit of invested funds, taking into account the risk of losses with a certain probability, as well as temporary factors.

An important issue is choosing the optimal placement of advertising messages among the possible display options. For this, a model can be used that considers the specifics of the distribution of advertising messages on TV channels. When modeling a process of placing advertisements on TV channels, it is necessary to consider the following requirements: the audience of the TV channel must cover the target audience for the advertised products or service, maximum coverage of the channel's audience, and the total cost of placing advertising messages should not exceed the share of the budget.

The task of forming a plan for placing advertising messages in TV means is to determine the optimal number of outlets on TV air of advertising messages to maximize advertising coverage of the target audience, considering the limitations on the budget and capabilities of a particular TV channel. Periodicals are also one of the cheapest means of advertising. Using newspapers and magazines to place advertisements has a high likelihood of a targeted impact on the target audience. Therefore, it is quite easy to establish the inclinations and interests of the reader of each magazine or newspaper. The legal basis for managing advertising activities under current conditions testifies to the fact that advertising must be conscientious and reliable. Unfair or misleading advertising is not allowed. Unfair and unreliable advertising that does not comply with the requirements of the legislation of the Russian Federation is considered inappropriate.

Unfair advertising contains the following elements: 1) incorrect comparisons of the advertised product with the products in circulation that are produced by other manufacturers or sold by other sellers; 2) defames the honor, dignity, or business reputation of a person, including a competitor; 3) represents an advertisement of a product, the advertisement of which is prohibited at a given time or in a given place, if it is carried out under the guise of advertising of another product. Another issue of the advertising business is the embedded advertising and advertising of products that are limited to advertising. Often this is an alcohol advertisement, for the advertisement of which special requirements have been established by the legislator. This is the so-called confusing similarity and advertising of some products under the guise of others. For example, mineral water is advertised, although it is meant to advertise well-known vodka of the same brand, or a magazine cover that completely repeats the label of an alcoholic drink. Such advertising is recognized by the law as unfair, and a ban on the distribution of unfair advertising is established. The legislation of the Russian Federation recognizes unreliable advertising that contains information that does not correspond to reality:

- on the advantages of the advertised product over the products in circulation that are produced by other manufacturers or sold by other sellers;
- on any characteristics of the product, including its nature, composition, method, and date of manufacture, purpose, consumer properties, conditions of use of the product, its place of origin, presence of a certificate of conformity or a declaration of conformity, marks of conformity and circulation marks on the market, service life, product shelf-life;
- on the assortment and packaging of products, as well as the possibility of purchasing them in a certain place or within a certain period;
- on the cost or price of the products, the procedure for paying for it, the amount of discounts, tariffs, and other conditions for the purchase of products;
- on the terms of delivery, exchange, repair, and maintenance of products;
- on the warranty obligations of the manufacturer or seller of the products;
- on exclusive rights to the results of intellectual activity and equated means of individualization of a legal entity, and means of individualization of products;
- on the rights to use official state symbols (flags, emblems, anthems) and symbols of international organizations.

DISCUSSION

The reliability of the approaches is confirmed by the fact that modern advertising technologies must be developed considering the features of the subjective perception of advertising information in different sales regions due to the fact that existing advertising in one region may be unprofitable in another (DEMkina; KOSTIKOV; LEBEDEV, 2019; DROBYSHEVA et al., 2018; NIKIFOROV et al., 2018). Considering this factor is one of the main tasks of advertising specialists. It is reflected in the appropriate models of optimal advertising planning for various types of channels for the distribution of advertising messages. The determination of the effectiveness of an advertising campaign must be carried out from the standpoint of assessing the impact of individual advertising messages on consumers, the effectiveness of various advertising media when transmitting messages, and the influence of an advertising campaign

on sales. Therefore, the system of indicators obtained with this approach to assess the effectiveness of an advertising campaign can be successfully used in making management decisions both at the planning stage and when determining the quality of the campaign.

In addition, the importance of the issue of scientific-based assessment of the effectiveness of an advertising campaign is due to several reasons: assessment of the effectiveness of an advertising campaign allows determining the degree of its success, that is, how much it contributed to the achievement of the set marketing and goals of the company; detailed performance indicators are the ingredients of economic and mathematical models, results of the implementation of which ensure optimal management of the advertising process; issues of advertising efficiency and methods of its measurement have not yet found their final solution in economic theory and practice and are controversial.

The theory and practice of the advertising business determine the communicative effectiveness of advertising, that is, the effectiveness of the psychological impact of advertising media on the consumer's consciousness and economic efficiency, which is determined by the ratio of the result obtained from advertising and the cost of advertising campaigns. The assessment of the communicative effectiveness of advertising is carried out by methods that have been sufficiently worked out in practice. Moreover, appropriate tests are applied, considering the specifics of the distribution channels for advertising messages.

CONCLUSION

Summing up, the concept of managing advertising activities requires informal approaches to performing advertising work using the experience of employees of the company's production departments, marketing services, and managers. It is necessary to use decision support methods using mathematical models and methods and means of information management. It is this combination of scientific methods and the experience of practitioners that allows effective management of advertising activities. The legal basis for managing advertising activities testifies to the fact that advertising must be conscientious and reliable. Unfair and unreliable advertising that does not comply with the requirements of the legislation of the Russian Federation is considered inappropriate. Another issue of the advertising business is the embedded advertising and advertising of products that are limited to advertising. Often this is an alcohol advertisement, for which special requirements have been established by the legislator.

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Economic and legal basis of advertising management under current conditions

Base econômica e jurídica da gestão publicitária nas condições atuais

Base económica y jurídica de la gestión de la publicidad en las condiciones actuales

Resumo

O estudo é dedicado à base econômica e jurídica da gestão publicitária nas condições atuais. Definido o conceito de gestão de atividades publicitárias que exija abordagens informais para trabalhar utilizando a experiência dos funcionários dos departamentos de produção da empresa, serviços de marketing e gestores. Estabelece-se a necessidade de utilização de métodos de apoio à decisão com o uso de modelos e métodos matemáticos e meios de gestão da informação. A combinação de métodos científicos e experiência de especialistas permite uma gestão de publicidade eficaz. A publicidade deve ser justa e confiável; portanto, a publicidade injusta e não confiável que não esteja em conformidade com os requisitos da lei é considerada inadequada. Outra questão do negócio publicitário é a publicidade embarcada e a publicidade de produtos que se limitam à publicidade.

Palavras-chave: Marketing. Eficiência. Competitividade. Economia. Lei.

Abstract

The study is devoted to the economic and legal basis of advertising management under current conditions. The concept of managing advertising activities that requires informal approaches to work using the experience of employees of production departments of the company, marketing services, and managers is defined. The necessity of using methods of decision support with the use of mathematical models and methods and means of information management is established. The combination of scientific methods and experience of experts allows effective advertising management. Advertising must be fair and reliable; therefore, unfair and unreliable advertising that does not comply with the requirements of the law is considered inappropriate. Another issue of the advertising business is the embedded advertising and advertising of products that are limited to advertising.

Keywords: Marketing. Efficiency. Competitiveness. Economics. Law.

Resumen

El estudio se dedica a la base económica y jurídica de la gestión de la publicidad en las condiciones actuales. Se define el concepto de gestión de actividades publicitarias que requieren enfoques informales para trabajar utilizando la experiencia de los empleados de los departamentos de producción de la empresa, los servicios de marketing y los gerentes. Se establece la necesidad de utilizar métodos de apoyo a la toma de decisiones con el uso de modelos matemáticos y métodos y medios de gestión de la información. La combinación de métodos científicos y experiencia de expertos permite una gestión eficaz de la publicidad. La publicidad debe ser justa y fiable; por lo tanto, la publicidad injusta y poco fiable que no cumple con los requisitos de la ley se considera inapropiada. Otra cuestión del negocio publicitario es la publicidad y publicidad integrada de productos que se limitan a la publicidad.

Palabras-clave: Marketing. Eficacia. Competitividad. Economía. Ley.