

## Advertising “tree” of Krasnoyarsk city and prospects of its development

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**Abstract.** This article is dedicated to the advertising "tree" of Krasnoyarsk city. Under the advertising "tree" term we understand the basic directions of promotional activities and methods of its implementation in the Krasnoyarsk city. There is given an insight into the advertising market, which allows to identify the new and more contemporary ways to promote your organization. There are shown the main directions of the advertising "tree" and analyzed their interaction (synergy effect).

[Suslova J.J., Shherbenko E.V., Ananjeva N.V. **Advertising “tree” of Krasnoyarsk city and prospects of its development.** *Life Sci J* 2014;11(11s):204-209] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 45

**Keywords:** advertising “tree”, synergy effect, Krasnoyarsk, advertising communications, advertising, marketing, and advertising tools

### Introduction

Currently, the development of advertising in business is of great importance. In terms of market saturation in goods and services, accompanied by increased competition, advertising has become a specialized branch of economics [1].

Advertising promotes the sale of goods, the transition from the commodity form into the monetary form, promotes the expeditious and successful completion of turnover process, i.e. reproduction at a commercial enterprise [2]. It can design market and demand, as well as manage it. Advertising is a channel for information spreading on the market, as well as the precondition of their feedback [3].

Next, we will consider the current state of the advertising market in Krasnoyarsk city, for this we need to turn to its origins.

Development of advertising in Krasnoyarsk began in post-Soviet times; earlier that advertising had had a rather dull appearance: several large signs, such as "Fly with Aeroflot airlines" or "Keep your money in a savings bank" [4]. And the first agency in Krasnoyarsk, which was engaged into the professional advertising in the new Russia, was the agency "MDM advertising", the second was "Anatolyev's Bureau".

According to the well-known Krasnoyarsk member of the Regional Public Council for Advertising, Krasnoyarsk TV presenter and director of the video advertising studio, Vladimir Perekotiy, at that time "everything was invented and done by the help of improvised means". For example, the first billboards were three-by-six in size. Since there were no modern technologies, people were buying a color printer with the maximum printing format of A3. An image was divided into a plurality of A3 sheets and

then glued together. All slogan letters were cut by blade, and then pasted to the main image.

The process of advertising development in post-Soviet Moscow was moving much more rapidly, invested a lot more money, so the advertising market grew faster. However, it should be noted that the emergence of modern advertising happens approximately at the same time both in Krasnoyarsk and in Moscow.

Today promotional activities in Krasnoyarsk have made a big step forward, but still lag from huge metropolitan advertising. Here it happens to be many factors: the difference in mentality and technical equipment and in some sense the difference in advertising traditions, which we simply do not have [5]. For example, in Moscow for a good quality advertising people can pay not 100 and even not 200 thousand dollars, but much higher price. In Krasnoyarsk, an advertising of high quality can cost 10 thousand dollars, and such price can be acceptable only for a few companies. This is explained by the fact that many leaders of organizations do not realize how important a good advertising is, do not consider it as an important means to promote a product **on the market**.

Let us analyze in more detail the advertising communications in Krasnoyarsk on the example of the advertising «tree».

### Direct advertising (Above the line)

Currently in Krasnoyarsk there are 78 advertising agencies with full-service, which provide services for outdoor advertising; advertising in the media: TV, radio, press; production of outdoor advertising: facades, signs, light boxes, neon; design; transportation.

You can talk about sufficient supply of advertising services in the market of Krasnoyarsk.

Consumers see advertisements everywhere. It is hard to imagine the city streets without the bright billboards; and a television program or film - without commercial reels. Even public transport tickets are full of logos of different companies, recruiting slogans. Seemingly direct advertising grows and develops for the better. However, having studied the material, we came to the conclusion that it is not so.

The main problem of outdoor advertising in Krasnoyarsk is a limited number of places for advertising, and at the same time the very high prices.

The city administration is selling the rights to install advertising structures through electronic auctions in a short time. To provide one day of trading, entrepreneurs need to withdraw from the turnover of their businesses up to 1.5 million rubles. And many people do not have such an opportunity. Whereby, a small advertising company cannot participate in the auction, and preferences are possessed by the large federal agencies [6].

Also it should be noted that for leaders of small and medium-sized businesses, the question of investing into direct advertising is rather acute. In order to make a variety of boards, put video and audio clips to radio stations and TV channels, as well as use other media, you must have a huge budget [7].

But on the other hand, if the company has a high enough income and can afford to invest into direct advertising, will be the advertising agency able to provide a quality product that will attract a large number of buyers? Most likely, it will depend on the professionalism of the advertising agency. Nevertheless, some outdoor advertising in Krasnoyarsk bring consumers into shock and cause a negative reaction.

For example, in the controversial posters of the MAXIMA multiservice network there is observed violation of the law on advertising, as due to the color scheme, there are highlighted certain phrases that have certain connotations, the meaning of which is captured and can be unpleasant and immoral. Besides, this billboard can be seen by kids [8].

In another advertising poster of the "IKSY" bar there can be found an appeal for young girls to work as waitresses, dancers at the bar, which in itself is not revolting to the law. But on the banner there is also posted a picture of half-naked girl with a skirt flying off her that can cause negative public attitude.

I would also like to note the commercial reel of the "Tango" shoe store, made specifically for the internet and characterized as a "shocking" one. It shows a girl, who after getting a pair of shoes, immediately turns into a stripper and gets rid of her clothes happily stating and using abusive words.

In the beginning of the clip the age limit 18+ is fleshing for a long time, however, it does not give

the right to use swear words. In our opinion, this video makes a negative impression on consumers, and also violates the law on advertising.

So, direct advertising is important in Krasnoyarsk city, but there should be noted a number of negative aspects:

- 1) the lack of places for outdoor advertising in the city;
- 2) unavailability for small businesses;
- 3) lack of competence and quality.

### **Point-of-purchase advertising (Indoor-advertising)**

Point-of-purchase advertising is presented by different advertising media, which help to draw customers' attention to its products inside the trade organizations, hotel lobbies, airports and railway stations. Such advertising uses the latest advances in technology. These, for example, include: plasma displays installed in sales areas and areas of cash registers in large stores, where there are constantly demonstrated various advertisements, leaflets, posters, stands on the shelves, show-window advertising, and others. A distinctive feature of this type of advertising is the ability to use virtually any surface of front doors, floors and walls, even on a tumble in toilet cubicles.

Krasnoyarsk advertising agencies provide a large range of services in this direction. So, almost every advertising agency with full-service performs the following functions:

- advertising on indoors banners;
- booklets and leaflets in booklet holders;
- show-window dressing;
- placement of POS-materials (wobblers, Label holders, stands, racks, and stands for coins);
- creating stickers, flags, signs, posters.

Commercial enterprises in Krasnoyarsk city actively use data services to attract new visitors to make purchases. In addition, in the major trading centers of the city there can often be seen a large plasma panels, full of promotional videos reels. Most often these LSD monitors are set near the point-of-sale terminals that allows you to attract bored in a queue potential buyers, either directly at the location of the advertised product on the shelves and racks of the store, which increases the probability that out of numerous analogues, the buyer will choose exactly this product.

However, during examination of the services of advertising agencies in our city, were found only three organizations that are seriously pursuing indoor video and audio advertising.

Thus, the development of Indoor-advertising is a relevant and promising direction in our city. If

the outdoor advertising covers a larger audience, however, the number of interested in the product advertised on the street is extremely low. Then the use of Indoor-advertising allows to correct this deficiency. By increasing the number of potential buyers, the indoor advertising provides an effective impact on the target audience, accompanying a person from the moment he enters the room.

### **Exhibitions and fairs**

This type of advertising exposure stands out from many others. Trade fairs are always preceded by an advertising campaign in the media, and are accompanied by a complex of related events: presentations, meetings, press conferences, public demonstrations [9]. Let us try to describe the existing value and place of fairs and exhibitions in Krasnoyarsk city.

Exhibition and Fair in Krasnoyarsk business is developing rapidly. And all events are held on a very high level with the involvement of international organizations, and each time collecting a large number of participants. Such events include the Krasnoyarsk Economic Forum, the Assembly "Krasnoyarsk. Technologies of the Future", the conference of the Organisation for Economic Co-operation and Development, and national book fairs, art fairs, trade fairs in food industry.

A special place is occupied by the industrial exhibitions. Such events allow local businesses to reveal maximum of its production potential, to demonstrate the point of effort application to attract not only the new regional partners, but also investors [10].

Deputy Governor of Krasnoyarsk Territory Andrew Gnedilov expresses the following view of Krasnoyarsk exhibitions: "Today, industry fairs and exhibitions have moved far. Modern exhibition is a mirror of the technical state of various sectors and spheres of activity, source of information, a sort of "thermometer" of prices for goods and services".

It can be concluded that the value of exhibitions and fairs in Krasnoyarsk is really great. They largely form the image of our region, working for its recognition, investment and cultural attractiveness. Thus, the advertising function of exhibitions and fairs is not only in the presentation of individual participating organization, but also the entire region of Krasnoyarsk.

### **Public relations (PR)**

As of today there are many definitions of PR. They all boil down to the fact that "public relations are such an administrative function that allows to maintain mutually beneficial relationships between the organization and the public, from the

attitudes and opinions of which depends the success or failure of that organization" [11].

In Krasnoyarsk, two of the largest university prepares specialists in this field; there are a large number of PR-agencies and organizations representing the services of public relations. However, in our opinion, in Krasnoyarsk it is not such a developed infrastructure, as both in Moscow and St. Petersburg. In our town there are small enough companies that have established special departments for public relations, often the PR specialists function is performed by the advertising department. Consequently, these services do not have a high need in the market of Krasnoyarsk.

However, now there is a very rapid development of various spheres of activity and communications, and perhaps in the near future, the development of PR-technologies in Krasnoyarsk will be a relevant and necessary direction.

### **Packing**

Packaging is a powerful tool in promoting products. Whatever new and qualitative the goods were, the consumer is not interested in them, if the package is unattractive and uninteresting.

Printing market is presented with about a hundred of legal persons - the largest is in Siberia production and publishing complex "Offset" (located at the edge of property) to the mini-digital printing, printing postcards, bills or business cards [12]. However, there are relatively few leaders of providing services in manufacturing packaging.

Yet in the recent tendency of growth of expenditure on packaging design and new labels, Krasnoyarsk steelmakers are attentive to the way their goods are packed. A whole business mythology has appeared describing how quality packing design can bring new products to the market.

The head of the "Art Style" Igor Bashkatov explains the current importance of packaging in Krasnoyarsk: "In 90 years design somehow was not so important as now, and people still bought everything", – says Bashkatov, – "But gradually there began to appear orders from the companies; it was important for them not just to show that here, they say, a new product, but also to convey to the buyer a message, for example, to emphasize that this product is released in Krasnoyarsk Region" [13].

The idea to emphasize the dignity new product packaging design is not a new one, but sometimes it gives unusual results. For example, a set of sweets "Natalie" from the "Kraskon" company had great success in the Krasnoyarsk market due to an unusual three-tier package, which had a special place for a small bottle of alcohol.

If we talk about the future development of packaging business in Krasnoyarsk, then "today the best solution for printing company employing up to 100 people, there can be a transition into the industrial printing industry", – says the president of the National Association of Printers, Yuri Chesnokov. After all, originality and uniqueness of the packaging of goods affect the sales volume, increase in number of trading mark consumers, increase of brand awareness.

### **Branding, corporate identity**

Brand and corporate identity are inextricably linked. If brand is a perceived emotional corporate image as a whole [14], the corporate identity itself forms the common brand and becomes its visual aspect.

Speaking about the advertising "tree", it is difficult to attribute the branding and corporate identity to the tools of advertising, communications, because the brand is just the result of not only advertising firm, but also its creative strategy, media strategy. Advertising only encourages consumers to make a purchase through the formation of brand awareness and attitude towards him [15].

After analyzing the literature on branding and advertising, we have to disagree with the viewpoint of Mudrov A.N., that branding and corporate identity relate to advertising communications. In our opinion, the brand is a definite opinion and attitude of consumers to the company, and advertising is the tool with which this opinion is formed and maintained.

For example, Krasnoyarsk brand "Commander" is a major retail chain. The company's mission states: "We are creating favorable conditions for the acquisition of high-quality products". However, this statement is not enough to put information into the buyer's head about that, really, this shop is the best on the market. Therefore, the company is developing its own corporate identity by means of advertising "tree" tools. Strolling through the streets of the city you can often see shields, informing about the promotional events held in "Commander"; in the shop itself the interior is made in a single greenish color, sellers have the same uniform. In addition, the organization attracts new customers with a large range of services, discounts and promotions. As a result, the buyer makes his own opinion about the store.

### **Sales promotional merchandising**

Speaking of promoting a product, the question arises how this activity relates to a tool of advertising. After-sales promotion set of a variety of measures, efforts, actions taken by the manufacturer

or seller of goods, intermediaries in order to increase demand, sales, increased market goods field. This occupation is not an instrument, but a process of accelerating the movement of goods from producer to consumer. Promotion of goods is carried out by means of personal selling, advertising with media, sales promotion, and sponsorship. Since this concept is not a separate marketing communication, we will not include it into the advertising "tree".

### **Direct-response marketing**

Direct-response marketing is a marketing that is based on the direct impact on the target audience. The advantage of this tool is aimed at establishing direct communication only with the target audience. Establishing effective feedback to minimize financial risks due to the accurate knowledge of the reaction of customers to the proposals. Direct-response marketing includes e-mail delivery, mail delivery, fax mail delivery, express delivery, telemarketing.

If we talk about this form of communication in Krasnoyarsk, in our city there is sufficiently developed this kind of advertising. Many agencies offer services for SMS delivery, postal and e-mail deliveries. Also there are many courier companies in the city. Many companies organize these services without the assistance of specialized organizations.

It is worth noting that direct marketing is inexpensive and effective means to remind about you to the customers, but often Krasnoyarsk companies convert mobile or e-mail brochures and letters mailing to the annoying spam that just annoys residents. For example, I can often find in my mailbox a store furniture brochure or pamphlet, beckoning us to a sushi restaurant. For people who are not going to buy new furniture, or for those who do not like sushi, this information simply is not necessary and only causes negative emotions. Therefore it is important to remember that the main feature of direct marketing is the work only with a target audience that is genuinely interested in your product or service.

### **Sponsorin**

In accordance with Article 3 of the "Advertising Law", a sponsor advertising is an advertising that is distributed under the compulsory mentioning in it about a particular face as the sponsor. At the same time, sponsor is a person providing funds or ensuring the provision of funds for the organization and (or) conducting a sport, cultural or any other event, the creation and (or) broadcasting television or radio program, or create and (or) use a different result of creative activity [16].

Sponsorship has a purpose, which is to strengthen the organization's image, brand associated with socially useful activities and approved by society, thereby getting new customers and at the same time to beat the competition. Most often sponsored are those activities or programs that are similar in theme to the activity sponsor. For example, the Economic Forum recently held in Krasnoyarsk was sponsored by the large industrial companies such as Krasnoyarsk plant of nonferrous metals named after Gulidov V.N., Krasnoyarskenergosbyt, JSC, "Siberian Coal Energy Company" ("SCEC", JSC) and others.

### Internet advertising

Currently, the high-tech online advertising has become a self-promotional communication that is developing very rapidly. So we decided to separate it from the other promotional tools.

According to the Association of Communication Agencies of Russia (ACAR), the volume of online advertising in Russia grew by 35% in 2012 compared with the previous year, with contextual advertising increased by 45% [17]. This is the largest gain in the use of advertising in comparison with other types. Online advertising is the most progressive area of marketing communications today. Nevertheless, in Krasnoyarsk usage of online advertising is developing rather weakly.

Dmitry Sotinikov, the director of the advertising agency "Maer" explains the sluggish activity of organizations within the usage of online advertising as follows: "For most online advertisers this is still a young channel of communication, and therefore not always a client can clearly understand what he wants to get from a particular tool" [18]. This is explained by the lack of information about how advertising on the network can have a real impact on the buyer. There is not enough information about the kinds of online advertising, the mechanisms of its operation and effectiveness. Many managers have more confidence in proven means of advertising communication and are afraid to try something new [19]. However, online advertising has several advantages:

2. scaled and at the same time selected audience (if the person is looking for the required in a search line, the accompanying contextual advertising on the same topic may interest him as well);

3. internet advertisers imposes much less restrictions and geographical coverage and time;

4. internet advertising, as opposed to advertising on TV or radio, is not as intrusive as contextual advertising and different relevance at all;

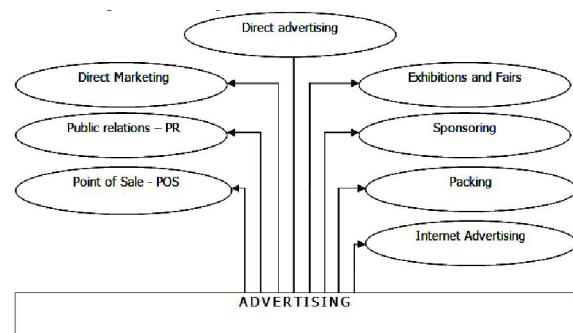
it appears only in the context of specific queries, and therefore is more in demand by users.

Thus, for Krasnoyarsk organizations Internet advertising is a promising way to express themselves.

Thus, analyzing the advertising tools used in the Krasnoyarsk city, we concluded that at this point in our city is actively developing promotional activities. Most often, companies use time-tested communication tools, which are the direct advertising, including outdoor, television, radio and print advertising; packing; exhibitions and fairs; sponsoring. The developing areas may include public relations, online advertising, and advertising in local sales.

However, having studied the model of the advertising "tree" provided by Mudrov A.N. we had disagreement with the author on some issues, in particular, in our opinion, branding and corporate identity cannot be considered as a tool in advertising, they are the result of the application of a set of advertising methods, which together make up the brand and corporate identity. Also caused controversy is such a thing as a sales promotion. We believe that this term is a process action in bringing the goods to the consumer, but not the kind of advertising communication.

Since we have introduced some improvements in the advertising "tree" of Mudrov A.N., we decided to present his vision of an advertising "tree", shown in Figure 1.



**Figure 1. Advertising "tree" in our opinion**

So how will develop an advertising "tree" in Krasnoyarsk?

Firstly, it depends upon the state of the economy in our country. After all, if there is another economic crisis, advertising agencies will be significantly affected, as companies reduce costs primarily through advertising.

Secondly, it is due to the efficiency and quality of the regional authorities in the field of advertising. Note that the step has been taken to restructure. Recently there has been signed a

letter of resignation of the head of outdoor advertising management administration of the Krasnoyarsk city. It has already been said about a conflict between the city council and management of outdoor advertising on major federal lobbying city advertising agencies.

Thirdly, this is the establishment of specialized advertising agencies. In Krasnoyarsk, there are many organizations advertising with full-service, who are ready to provide various types of advertising communications. But the highly specialized advertising organizations, such as the organization of indoor-advertising are not sufficiently developed.

Nevertheless, every year our city develops, new brands appear, which contribute to increased demand for advertising and creative services. Also there has been changed the attitude of business executives to advertising. There is an understanding of the need to promote the brand through advertising. Consequently, advertising firms in our city will undoubtedly develop, find new forms and ways to attract consumers and increase not only in quantitative but also in qualitative terms.

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6/30/2014