

JEL Classification: M 31; Q 26

UDC 379.8.091 (477-25)

DOI: 10.30857/2415-3206.2018.2.1

## MARKETING MODEL FOR RECREATIONAL ENTERPRISES: SPECIAL FEATURES AND INSTRUMENTS

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**The introduction and the formulation of the problem.** The problem of the social-oriented marketing policy-making in line with market conditions in the spa resort sphere is currently urgent issue as it provides the success of its development in the future. The sales system for spa facilities, first of all, is necessary to make their operations more effective in the low season. This is due to the fact that spa facilities have to sell their tourist vouchers during the high season at cost price to the establishments they are in charge of. Government funding of a spa facility is a necessary condition, but an insufficient instrument for maintaining the competitiveness of spa services, as stated above and it determines the relevance of this Research.

**The hypothesis of the scientific research.** The use of a systematic approach to the mechanisms' development for social-oriented marketing policy-making and operating in the spa facilities greatly increases the level of competitiveness in this economic sphere.

**The aim** is to analyze the current management processes of socially oriented marketing in the researched spa facilities and to find ways to improve them through the effective social-oriented marketing policy's development.

**The methodology of the Research.** The theoretical basis of the Research was the works of domestic and foreign scientists devoted to various aspects of health-resort development, analysis and assessment of

the social-oriented marketing development processes. The methods of systemic analysis, induction and deduction, economic-statistical, calculation and constructive, the method of expert assessments, cluster analysis were used in the Research.

**The results:** the essence of the socially oriented marketing concept was revealed and its features in the spa sphere as a special type of service marketing were determined; an extended marketing model of recreational services, in which the main emphasis is made to meet the needs of target market consumers, was offered.

**The conclusions:** The concept of "socially oriented marketing" as the factor of greater competitiveness of the spa facilities was specified. The methodical basis for management process-making of socially oriented marketing by using a system approach, completed with the elements of marketing-analytical and object-programmatic methods were developed. The features of socially oriented marketing in the spa resort sphere as a special type of service marketing were revealed. The economic-mathematical model for calculating accommodation's places in accordance with the principles of socially oriented marketing on the basis of the mass service theory was presented.

**Keywords:** spa facilities; the company's management; modeling; marketing tools; tourist industry; spa services; marketing package.

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## МАРКЕТИНГОВА МОДЕЛЬ ДЛЯ ПІДПРИЄМСТВ РЕКРЕАЦІЙНОГО КОМПЛЕКСУ: ОСОБЛИВОСТІ ТА ІНСТРУМЕНТАРІЙ

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**Вступ і постановка проблеми.** Проблема формування адекватної ринковим умовам соціально-орієнтованої маркетингової політики санаторно-курортної сфери в даний час актуальна, оскільки вона забезпечує успіх його розвитку в майбутньому. Система збуту для санаторіїв, перш за все, необхідна для підвищення ефективності їх функціонування в міжсезоння. Це пов'язано з тим, що частина путівок санаторії змушені реалізовувати за собівартістю в пік сезону організаціям, у віданні яких вони знаходяться. Державне фінансування санаторіїв є необхідною, але недостатньою умовою підтримки конкурентоспроможності їхніх послуг, сказане вище і визначає актуальність теми дослідження.

**Гіпотеза наукового дослідження.** Використання системного підходу до розробки механізмів формування та функціонування соціально орієнтованого маркетингу на санаторно-курортних підприємствах значно підвищує рівень конкурентоспроможності цієї сфери економіки.

**Метою** є діагностика існуючих процесів управління соціально-орієнтованим маркетингом досліджуваних санаторно-курортних підприємств і пошук шляхів їх вдосконалення шляхом формування ефективної соціально-орієнтованої маркетингової політики.

**Методологія дослідження.** Теоретичною основою дослідження послужили праці вітчизняних і зарубіжних вчених, присвячені різним аспектам розвитку санаторно-курортної сфери, аналізу та оцінки процесів розвитку соціально-орієнтованого маркетингу. В ході дослідження були

використані методи системного аналізу, індукції і дедукції, економіко-статистичний, розрахунково-конструктивний, метод експертних оцінок, кластерного аналізу.

**Результати:** розкрито сутність концепції соціально-орієнтованого маркетингу та виявлено особливості соціально-орієнтованого маркетингу в санаторно-курортній сфері як особливого виду маркетингу послуг; запропонована розширена модель маркетингу послуг в рекреації, в якій основний акцент зроблений на задоволення потреб споживачів цільових ринків.

**Висновки:** Уточнено поняття «соціально орієнтований-маркетинг» як фактору підвищення рівня конкурентоспроможності санаторно-курортних підприємств і установ санаторно-курортної сфери. Запропоновано методичні основи формування процесу управління соціально-орієнтованим маркетингом на основі використання системного підходу, доповненого елементами маркетингово-аналітичного та об'єктно-програмного підходів. Виявлено особливості соціально-орієнтованого маркетингу в санаторно-курортній сфері як особливого виду маркетингу послуг. Запропоновано економіко-математичну модель розрахунку місць розміщення відпочиваючих відповідно до принципів соціально-орієнтованого маркетингу на основі теорії масового обслуговування.

**Ключові слова:** рекреаційне підприємство; управління організацією; моделювання; маркетинговий інструментарій; індустрія туризму; рекреаційні послуги; комплекс маркетингу.

**Problem definition.** Modern global development trends of the spa sector form the need for setting and addressing tasks of integrated study of target markets, qualitative and quantitative demand's assessment for spa services, their positioning and promotion policy. Due to these circumstances, business success in this industry depends to a large extent on how far spa facilities can maintain the current structure of the real and potential consumers' needs and create the best spa services' portfolio.

In today's environment, it is impossible to develop tactical and strategic competitive advantages based only on the specific nature of the spa services offered. This is because that the modern buyer acquires not only a spa service, but also everything that is connected with it and it is formed in respect with the principles of marketing management.

The role of marketing as a strategic reference point, focused on establishing long-term relationships at micro and macro levels, is becoming particularly relevant. Present-day marketing of the spa facilities, passing through the logic of its traditional concept can no longer be considered only as a function with a firmly identified range of specific tasks. It updates the need to expand its meaning in the context of a new relationships with contact audiences based on the loyalty development and maintenance of spa resort facilities and their services.

**Analysis of recent research and the unresolved part of the issue.** The study of problems of improving the socially oriented marketing's management of the SPA Product is considered in the Works of E.P. Golubkova, E.A. Dihtl, A.Yu. Alexandrova, I.T. Balabanova, F. Kotler, V.S. Senina, A.D. Chudnovsky et al. Various aspects and elements of the improvement system of the socially oriented marketing management in the spa resort sphere are considered in the Works of V.I. Azara, N.V. Bagrov, Yu.A. Vedenin, S.A. Gensiruk, L.S. Griniv, M.I. Dolishniy, O.V. Zhivitskiy and other authors. The problems of the socially oriented marketing's management of the SPA Facilities were reflected in the works of M.S. Nizhnik, M.S. Nudelman, V.S. Preobrazhenskiy, I.D. Rodichkin, V.P. Rudenka.

The analysis of the Works mentioned above shows that, by now, a number of specific approaches for improving the socially oriented marketing's management in the spa sphere has been developed, the basic principles of formation and the indicative range of management functions in the socially oriented marketing sphere have been defined.

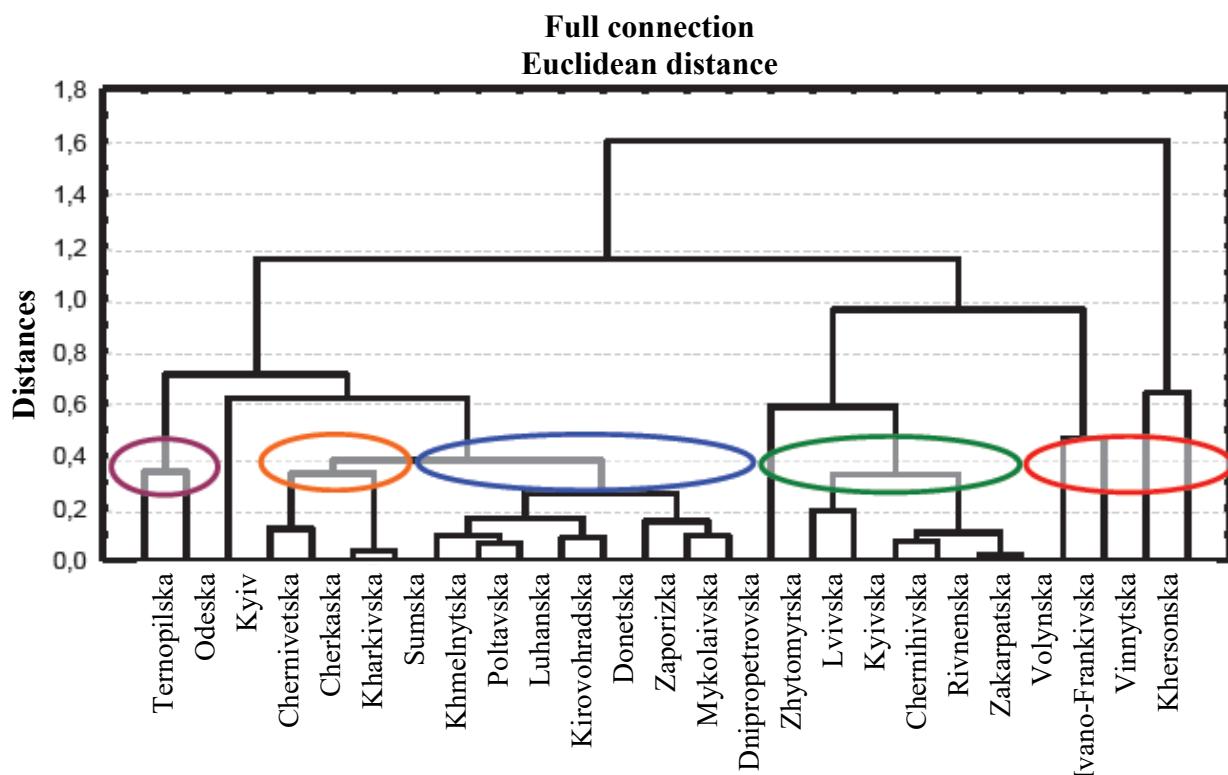
However, we note that a system approach to the development and maintenance of the socially oriented marketing system performance still does not exist.

Most of the authors in their Studies focus on the management of separated elements or subsystems of this economic phenomenon, without considering how

the management could impact on improving the Spa Resort Facility's competitiveness. In addition, the researchers do not pay enough attention to the problems of steady development of this economic sector in line with the overall strategy of regional development. The need for a systematic research on the mechanisms for socially oriented marketing management performance and maintenance has defined the goal, main tasks and logic of the dissertation research.

**The goal** is an attempt to develop and propose an expanded marketing model for spa services as an element that binds together all structural units of the tourism industry. In this the Research is based on the analysis of the spa facility's functional specifications, the dynamics of the market environment, current transformation processes in consumer preferences.

**Research results.** According to the results of cluster analysis all regions of Ukraine are divided into 6 clusters with natural-recreational resources. The first cluster comprises Kherson, Vinnitsa and Ivano-Frankivsk regions. The second cluster is Volyn, Zakarpatska, Rivne, Chernigiv, Kyiv, Lviv and Zhytomyr regions. The third cluster is Dnipropetrovsk, Mykolaiv, Zaporizhzhya, Donetsk, Kirovograd, Lugansk, Poltava and Khmelnytsky regions. The fourth cluster is Sumy, Kharkiv, Cherkasy and Chernivtsi regions. The fifth cluster is Ternopil and Odesa regions. The sixth cluster is city Kyiv.



*Figure 1. The results of clustering the regions of Ukraine for demonstration of natural and recreational (spa) resources by using cluster analysis*

After analyzing natural and recreational resources of Ukrainian regions through various indicators, it can be concluded that Ukraine has a rather large potential for building spa complexes.

Spa complex is a form of a territorial organization, which consists of the following components: natural and recreational resources, accommodation establishments and caterers, transport infrastructure, production and non-production facilities, connected by a common goal – providing high-quality spa services. Effective spa complexes' operation is possible only with the sufficient provision of recreational resources, material and technical base and efficient mechanism for their forming and functioning.

A spa facility can draw up a strategy for its development based on different approaches – financial, calculating the best ways of expenses and investments; competitive, displacing a competitor from the market by any means; commodity, improving the quality characteristics of their services, etc. I think that at present time the best concept in the spa facility's management becomes a marketing one. The main elements of marketing management are – the market environment's researches and analysis, price policy, sales policy, product policy. The marketing system includes the following tasks: the system analysis of the spa services' market; determining the spa services' market segments and the unsatisfied needs in this sphere; developing a spa product and price policy; developing a set of activities which most fully satisfy the current demand; implementing the spa product's sales system; developing a set of improvement measures for the management and organization process of providing tourist services.

Let's consider the current marketing's distinctive features of the recreational service. It is difficult not to pay attention on the marketing tools' specifications, in particular, on such instruments of marketing package as "a set of managed marketing parameters, manipulating which the facility's administration does the best to meet the market segments' needs" [2].

The level of the present-day society's social-economic development, the sophistication of recreational production processes cause insufficient applying of the classic marketing tools in the same form. We are talking about the concept of "4P", according to which four elements with names beginning from the letter "P" in English language (respectively: product, price, place, promotion) are included in the marketing package. In this respect, for an effective use of traditional marketing instruments it becomes necessary to combine them with other tactical tools. In Figure 2 (see above), an extended model of spa service marketing ("4C" and "4P") is demonstrated, including such additional tools as: consumer, convenience, cost, communication.

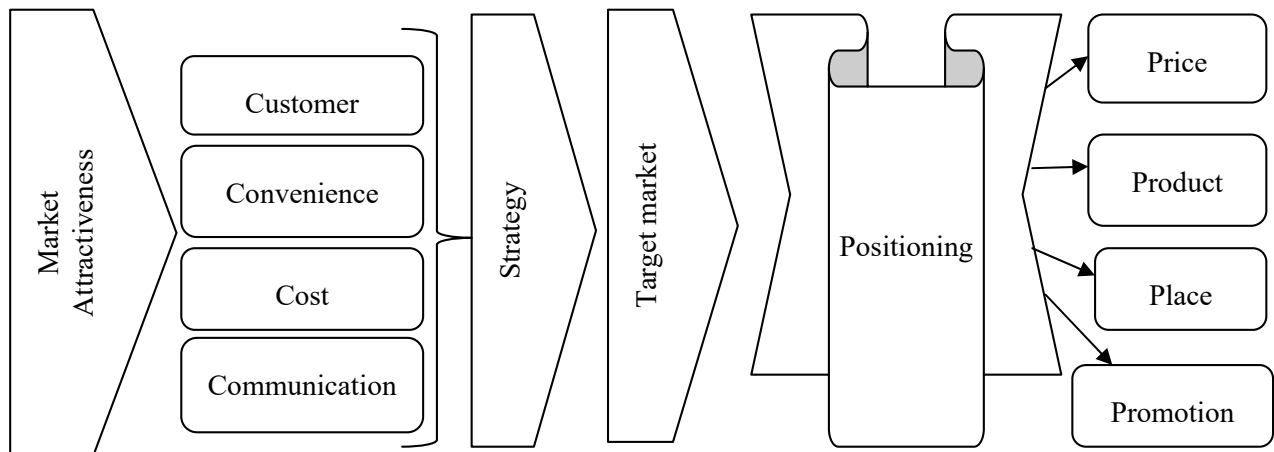


Figure 2. "4C" and "4P" Models

In this model, the main emphasis is made not so much on the service (product) and its production, as on a consumer and the benefits he receives, since now the economic efficiency and market attractiveness of a spa facility are directly connected with satisfaction of consumer's needs on the target markets. In accordance with this, the marketing programs' focus of a spa facility should become identifiable buyers and potential consumers of spa services, but not anonymous masses of consumers as before.

At the present stage of development, the strategic goals for a recreational enterprise are achieved by establishing long-term partnerships between all participants in the recreational market, as well as setting up and maintaining effective communications by all groups involved in the recreational process. As a result, a distinctive feature of present-day marketing in recreation should be the concept of integration marketing, which includes the complex use of the all marketing mix tools.

It should be stressed that the special importance of the communication element of the marketing package in contemporary Western literature [4, 5]. They use the concept of "integration communication", that involves such instruments as the service (product), place, form, convenience of service delivering, positioning, cost, as well as the personnel of the enterprise and its interaction with the consumer as part of the recreational product are particularly significant. Depending on the type of spa services provided, additional marketing tools may include: availability; service work; corporate culture; properly organized staff work, etc.

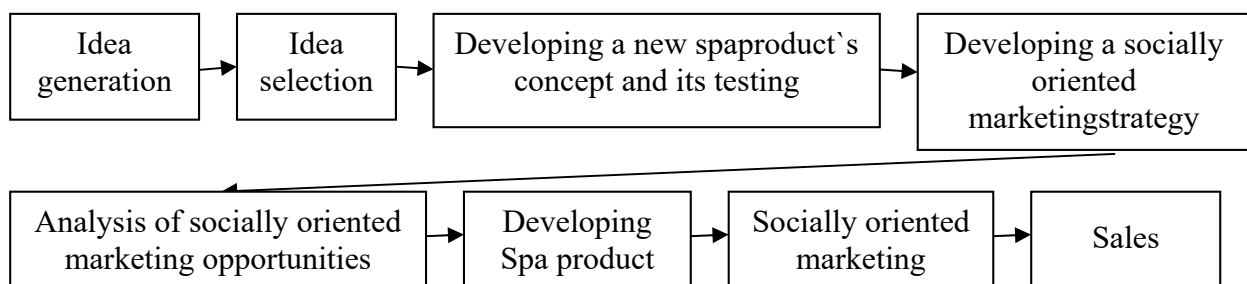
The current trends in the marketing development include: socially oriented marketing, relationship marketing, marketing-mix. Today, the problems of developing socially oriented management are actively debated. And this discussion takes place from a different angle: social responsibility of business, social partnership, social capital formation, confidence between business,

population, government, etc. However, more and more often the aspects of socially oriented management expected from Ukrainian business are discussed within the framework of the social marketing theory and practice. Based on an integrated researchers' opinion, we can point out its social nature: social – ethical marketing; social – ethic marketing, ethical – social marketing; community-oriented social marketing; socially oriented marketing; socially responsible marketing; public marketing. There is also a general opinion that socially oriented marketing is a marketing transformation, due to such factors of current market relations as economic, political and socio-cultural. It can be said that in the conditions of the modern market, socially oriented marketing is a type of marketing in which the client is at the top of the pyramid in the relations of the spa facility's management – client.

Performing an active, operational, socially responsible marketing is an imperative for Health Resort Facility operations in a very competitive environment. Any health-resort service, even with high quality, should have a competitive price, meet the target consumers' needs, have image and advertising support that provides its promotion in the market and highlights its distinctive features.

An effective operational socially-responsible marketing cannot exist without strategic socially oriented marketing. The role of a strategic socially oriented marketing is to follow the development trends of a certain market and identify various current or potential markets or segments by analyzing consumer needs that should be satisfied. The identified markets are economic opportunities that should be assessed. Quantitatively, the attractiveness of a market is measured by its capacity, and dynamically, by time of its existence, or its life cycle. For a particular facility of the tourism industry, the market's attractiveness depends on its ability to satisfy the customer needs better than its competitors.

**Product policy.** In the socially oriented marketing practice of the health-resort services, the product policy is the development of ways for optimizing a set of services provided, which is most preferable for successful activities in the market and provides the efficient facility's operation as a whole (Figure. 3).



*Figure. 3. The main stages of developing a new socially oriented health-resort product*

Today's tourist marketing defines two possible ways for product policy-making: structure's optimization of a current spa product, development and introduction of a new spa product to market. If we consider health-resort trips as one of the types of tourism with specific goals, namely for treatment and recreation by resort factors, the spa product is a complex of goods and services needed for fully meeting tourist's requirements and sold during spa treatment and recreation. Most spa facilities as a rule, have been operating for a long time and have a fully completed spa product that has been provided for many years. The main spa product in practice is a set of services, documented in the spa – resort voucher. Complex service usually includes medical services, accommodation, meals, recreation activities, and some others. By its nature, this product is socially oriented one.

**Price policy.** Experience shows, a spa or tourist facility is not able to accurately identify all factors that influence on a market price (due to the lack of qualified staff), therefore, in particular pricing practice, a facility often selects the one or several main factors and focus on them. In any case, pricing should consider the chosen strategy of product positioning. For example, the Radisson Resort defines itself as the best hotel on the Black Sea coast and sets the price for hotel rooms higher than most other recreational facilities. At the same time, camping "Olviz" defined itself as a limited service company, offering summer houses without home sanitation facilities for tourists who have to save money. Such a market position requires low prices.

Then, according to the general objectives of the company, particular price policy's goals are chosen. They can be: the maximum increase of sales, increase profits, survival. A method based on the analyzing competitors, allows us to avoid the incomplete assessment of the market conditions. We consider it is necessary to stress that when choosing a national spa resort, a main influencing factor is a lower price compared with a western resort. Obviously, the price increase of one bed – day over \$ 40 strongly reduces the competitiveness of national spa facilities. Finally, spa resort facilities, while setting prices for tourist vouchers, are always demand-driven. Demand for spa trips may vary depending on the attractiveness of resort services, changes in recreation fashion, seasonality, payment capacity, demographic, economic, political and other factors. Since demand is much higher in the summer period and significantly decreases in the off-season, spa facilities set the highest prices during the high season, during the holidays – New Year, May holidays, etc. In addition to the seasonal price differentiation, there is a short-term price increase during popular sports, cultural, commercial events: festivals, championships, fairs, etc.

These methods or their combination allows you to determine the base price for a spa product. However, the real price may differ from the base price in



relation to the particular pricing strategy chosen by a spa facilities – the choice of the possible dynamics of changes in the base price for a spa product in market terms that best corresponds to the company's purpose. When introducing a new spa product, depending on the price strategy, it can be sold at monopoly high best prices – in a limited market segment ("cherry-picking"), at average prices – in order to stimulate high demand ("following the leader") and, finally, at extremely low price ("socially oriented strategies") – if it is necessary to stay in business

Socially oriented pricing means selling the same services to different groups of customers at different prices, although the expenses for services provided are the same. For accommodation facilities, the price discrimination option is a significant price decrease for a room when booking it in advance without the right of cancellation. In addition, different prices can be provided for couples, parents with children, for socially oriented clients. In order to implement this strategy, the following terms must be respected: different reaction of different consumer groups to the price, one consumer group could not buy at prices set for another consumer groups, sufficient segment sizes so that such approaches will be economically feasible, the level of price decreases should not be lower than the expenses level.

Among other factors influencing on the socially oriented spa product's implementation, it should be mentioned competitor activities that affect sales opportunities and limits. The group of internal factors also has a serious effect when choosing intermediaries. For example, the size of the organization and sales volume also affect distribution network's development, as large spa facilities require an extensive distribution system and, possibly, their own sellers of tourist vouchers. After analyzing the basic data determining the main approaches to the marketing system, it is necessary to set goals and tasks for sales network. The facility's management should identify the main consumers of its services, and based on this, take a decision on the sales channel's length that could deliver a spa product to the selected market segment most effectively.

**Conclusions and offers.** Having analyzed the current situation of the spa resort sphere, the main point of the socially oriented marketing's concept was discovered and its features were identified as a special type of service marketing. The mechanisms of marketing planning and control at spa facilities were studied, thereby determining specifications of marketing policy – making as the basis for spa facilities' management improvement. On the basis of the marketing environment's research, the marketing opportunities for providing greater competitiveness of a spa facility were revealed. The socially oriented marketing's management system of spa facilities in the Transcarpathian region was researched, that made it possible to develop strategic and operational

planning systems. It drew up recommendations to improve the socially oriented marketing policy of the spa resort in the Transcarpathian region "Smerichany".

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