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COMPANY'S CHARACTERISTICS OF ONLINE MARKETING

The article highlights the issues of marketing strategies of online marketing companies, analyses main components of traditional and online marketing mix, defines the place of online marketing commercial activities of modern companies, as well as its advantages comparably with traditional online marketing. The article also studies that the ways of development of many online marketing companies in many respects were determined by the IT industry giants which set the pace for development and competition growth on the market. Moreover, it provides characteristics for the principal trends in the development of the IT industry in the last decades, and recommendations for further development of IT companies that wish to keep their competitive positions on the market in the conditions of constant innovations and ever growing rivalry.

Keywords: online marketing, marketing mix, competitive strategy, marketing concept, societal marketing, traffic, ROI-oriented traffic purchase, IT industry, targeting, marketing campaign efficiency, dating services marketing, affiliate marketing, direct marketing, business model, B2B (business-to-business), B2C (business-to-customer), C2C (customer-to-customer), advertising platform, cross-platform marketing, mobile marketing.

Introduction. Day by day more and more companies start to use online marketing in their commercial activities, some of them – as one of marketing tools, the others – as business philosophy on the whole. Today online marketing is getting to a new level, becomes more widespread and popular not only in business environment, but also among customers due to the number of advantages that make it profitable for both companies and ordinary users.

The virtual world becomes natural environment for an increasing number of customers, therefore, it is inadmissible for any up to date company to ignore Web 2.0 possibilities today.

Problem Statement. The aim of this article is to investigate online marketing strategies of a company, differences between online marketing complex and traditional marketing mix, to study advantages of online marketing

in commercial activities of modern enterprises. Moreover, the aim of this research is also to characterize the last IT industry tendencies and directions for its future development, and provide recommendations for online marketing companies concerning future directions for winning the market and keeping competitive advantages on the market.

Findings. When we talk about the characteristic features of marketing of a particular company, we should pay attention to the “marketing” concept and its components on the whole.

Philip Kotler, one of the founders of marketing, defined marketing as the human activity directed at satisfying human needs and wants through adding exchange process [1].

It took time to define this concept. In accordance with general classification, marketing had 3 stages of development which are conditionally subdivided into 6 basic concepts.

The first stage included 3 concepts:

1. The concept of rationalization of production (the fundamental postulate is consumers will favor those products that are widely available and low in cost. That is why the emphasis is made on reduction of costs and cost prices of goods and services).

By the definition of P. Kotler “according to the production-oriented concept, consumers give preference to affordable and cheap products. The principal task of a manager of production-oriented organization is to achieve high production efficiency and optimum products’ distribution” [1].

2. The concept of product improvement (consumers will favor those products that offer the highest quality, the best operational qualities and characteristics; therefore, the organization shall concentrate on constant improving of goods/services).

Product-oriented concept states that consumers will favor those products that offer the highest quality, best performance or innovative features. Therefore, marketing managers should focus on making superior products and improving them over time [1].

3. The selling concept (based on the belief that consumers will not buy sufficient quantities of products or services in the organization, if it does not take much effort in the field of marketing and promotion).

The sales oriented concept states that consumers by virtue of their nature will never buy all manufactured products. Therefore, the organization must undertake an aggressive selling and promotion effort [1].

All those concepts have their shortcomings, such as: low competitive ability of products, marketing myopia, developing negative experience of commerce by the consumers, etc.

They all exist in the modern world in some way, but in their pure form

are considered to be a past point, and thereby a new concept, marketing concept was generated.

The second stage is connected with generation of marketing concept itself.

4. Marketing concept states that studying the consumer we can find his existing unsatisfied needs, and using operative marketing complex we offer him the product which will satisfy his existing requirements in the best way.

The aforesaid classical concept of marketing appeared exactly at this stage. According to P. Kotler marketing concept implies that the key to achieving organizational goals consists of being more effective than your competitors in integrating and coordinating marketing activities toward determining and satisfying the needs and wants of your target markets [1].

Peter Drucker defined the main marketing aim as “to make selling superfluous. [It] ... is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy” [2].

At the same time the modern world has the need in ethical attitude to competitors, society itself, and surrounding. That need led to emergence of new concepts – social and ethical marketing and relationship marketing concepts (the third stage).

5. The societal marketing concept was formed under the conditions when various manufactures in marketing field were located at the same level and competition on the market was really great. According to this concept under other equal conditions consumers prefer goods manufactured by the company which reckons with interests of the community.

According to P. Kotler the organization’s task is to determine the needs, wants and interests of target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumers’ and the society’s well-being [1].

6. Recently emerged relationship marketing concept is in demand by the companies that cannot obtain competitive advantages only on account of marketing complex. In this case, manufacturing companies become competitors, not so much as interactive systems overall. The emphasis is made on communications focused on establishing of long-term relations with buyers and partners in the process of commercial and noncommercial interaction with them.

Relationship marketing is a practice of building of mutually beneficial long-term relationships with key partners interacting on the market: consumers, suppliers, distributors for the purpose of establishing of long-term privileged relationships [1].

Despite the fact that the third stage officially began in industrially developed countries only in 1980s, today only a few organizations can be proud of that they put it into practice for 100% in their commercial activity. Therefore, at present the concept of pure marketing with elements of societal marketing and relationship marketing.

Online marketing and its marketing complex

Traditional and offline marketing companies, as well as internet or online marketing ones carry out their business in accordance with these concepts. Online marketing can be defined as a range of activities for promotion and sale of goods and services by means of Internet technologies.

Initially, online marketing might be referred to one of the ways of promotion, i.e. the last element of marketing complex.

Text-based websites which simply placed information about goods and services [3], a kind of advertising, or sales promotion appeared in early 90s – “Promotion”.

Active development of the global web and commercialization of the Internet since the 90s have led to modifications in business methods and become a reason for the Internet to be used as a channel for interaction of companies with their business partners and clients. In its turn, it has provided development of interactive marketing (online marketing) and direct online sales. Consumers obtained an opportunity to buy goods/services in the Internet, having made it one of distribution channels – “Place”. Traditional business processes (sale, marketing, supply, etc.) in network economics assumed a new shape.

Today we can say that online marketing is not only one of classical marketing tools, but rather independent phenomenon with its own self-contained marketing mix.

1. Product policy – “Product” – tangible assets as well as information products, information spaces, software products, business models and other services are sold through the Internet competing with traditional shops and services.

2. Price policy – “Price on the market” – online marketing sets fair and competitive prices for IT products available only on the Internet, as well as for tangible goods and services (It is commonly believed that online price is lower than the offline one at expense of saving in selling expenses).

It is important to realize that in online marketing this component does not always mean direct receipt of money from a user through payment for goods or services. Users can perform certain actions, such as ad view, following the link which will in their turn yield a profit to the owners of a website.

3. Distribution policy – “Place” – website as the sales outlet with the fol-

lowing important factors:

- graphic design;
- website usability;
- quality of website application processing;
- loading speed;
- dealing with payment system;
- delivery conditions;
- customer support before, during, and after sales.

4. Sales promotion policy – “Promotion” – is a range of activities for promoting both a website and a product on the web. This component is exactly the one that is actively developing at the moment and contains a large number of tools.

Online marketing tools

Evolution of online marketing is in development of its tools. If at the beginning marketing tools were solely represented by websites of companies, blogs of individuals, and advertising in search engines, today they make a complex of tools including advertising inside mobile applications, product placement, microblogging, and all possible forms of affiliate marketing.

Media advertisement, such as banners, pop-up, pop-under, video advertising is placement of text and graphic materials advertising in websites, applications, games, etc. This is one of the oldest but still working tools, which now has essentially enhanced interactive by applying flash & HTML5 technologies.

Contextual advertising is a placement of textual and media advertisements based on correspondence of the content of advertising materials with the Internet page content. The most striking representative is GoogleAdSense.

Search engine marketing is obtaining of traffic from search engines, increase in frequency of website displaying in the users’ search process (website optimization, search engine marketing, PRS).

Promotion in social networks, SMO and SMM are newly created instruments caused by rapid development of social network, and mostly the Facebook. It includes advertising in applications, sponsors’ stories, fanpages, Facebook Ads, as well as instant messages’ exchange, blogging and microblogging – Twitter.

Direct marketing is e-mailing, RSS, and other subscription mechanisms.

Mobile marketing is relatively new type of online marketing connected with applying mobile technologies, such as SMS-marketing, Push-marketing, creation of applications and special websites focused on brows-

ing a mobile phone, and advertising through them.

Affiliate marketing is a purchase of traffic from agents (affiliates) who use the aforesaid tools [4].

Advantages of online marketing

The use of this marketing mix, constant improvement of online marketing tools and creation of new and new types provides companies with many advantages over their competitors who adopt only traditional or offline marketing.

Major advantages of online marketing may be characterized in the following way. On the one hand, a user can get almost any information about any product and buy it at home; on the other hand, online marketing is beneficial for sellers of goods and services for a variety of reasons as follows:

- it provides the broadest coverage of target audience (market globalization); online marketing offers access to a huge constantly enlarged database of regular customers and is not limited geographically;

- it enables explicitly to target marketing efforts at end-users;

- it enables to reduce transaction costs (in most cases it is cheaper than traditional advertising and sales promotion methods);

- it provides the large and small companies with equal opportunities in competition for market share;

- it provides well-defined statistic picture of marketing campaign efficiency that enables possibilities:

- (a) instantly to receive and constantly track statistics of sales, profits, conversions, ROI, and effectiveness of specific components of an advertising campaign,

- (b) timely to respond to market changes or cut off ineffective components of advertising campaign, change set goals, etc.;

- it personalizes interaction with clients – enables us to keep in touch with consumers and business partners;

- it enables us easier to organize B2B (business-to-business) and C2C (customer-to-customer) models in comparison with offline marketing.

Let's discuss the difference between these models and traditional (or B2C (business-to-customer). While B2C implies direct sales to the final consumer (this model was created first), B2B consists of companies who do their business with each other. B2B scheme appeared to be more complicated and started to operate later. If the distinctive feature of B2C marketing is universalization of a product, the distinctive feature of B2B is relatively small number of clients (other companies) for which the offered product or service is personalized. Within the meaning of online marketing, B2B is one more way to involve the 3rd party in promotion of their own goods [3].

The next and rarer model is C2C (customer-to-customer). In this model

ordinary Internet users exchange and sell goods to each other. For example, eBay International Auction or file exchange systems (torrent trackers).

Development and use of these models became possible due to online tools enabling to save time and tools which would be needed for similar achievements by means of classical marketing tools.

Principal tendencies in IT industry development

Thus, the aforesaid tools and advantages of online marketing gave a chance to develop such well-known IT giants as Google, Facebook, Microsoft, Apple, Yahoo, etc.

Many of them were launched as student projects which later became international companies evaluated in hundreds billions of dollars today.

These particular companies set the pace for the development of the industry on the whole, defining principal tendencies at the market

Among such tendencies that took place for the last 10-20 years, firstly we can single constant innovations, creation of new services and unique opportunities.

The goal of the majority of IT companies is to gain loyalty and retention of users.

The aforesaid giants of information services market could achieve that because they have made it convenient to use the Internet that is concentration of all services necessary for full-fledged online session (browser, search engine, mail client, entertainment, tools of interaction with other users) in the one and the same place.

For example, these are personal browsers such as Internet Explorer from Microsoft, Google Chrome from Google, Safari from Apple, and mail clients – Microsoft Hotmail (the company bought Hotmail in 1997), Yahoo!Mail (1997), then, launch of Gmail service (2003), Facebook has recently created its own mail service for its users (2010) [6].

The second important phase in online marketing evolution is creation of advertising platforms by the largest IT companies. It was since 2000 that Google started to sell text PRS advertisement for financing its own projects. In 2003 they launched well-known AdSense platform [6].

In 2007 Facebook launched MarketPlace that laid the foundation for development of advertising on Facebook. At the beginning, only Microsoft had the right on advertising, then an opportunity to advertise on Facebook by means of Facebook Ad, sponsor stories, banner advertising on applications of brands, nets, application developers, and any affiliate able to buy advertisement on Facebook was provided.

It has played an integral role in the development of online advertising, its types, forms, and instruments in the whole IT industry, having made it as

we see it today.

One more important tendency in online marketing which became especially popular in the last five years is cross-platformness, namely: shifting the emphasis from traditional use of the Internet from personal computers to the use of cell phones, tablet computers, and other remote devices for access to online resources.

The development of this direction started since 2000 when Microsoft firstly launched Windows Mobile for mobile users, then, Apple developed iPod (2001), iPhone (2007), iPad (2010). Pace of putting on the market and popularization of these devices, as well as iOS and Android competition growth gave rise to development of mobile marketing that can also be observed today. For today, the share of mobile traffic has achieved 10% comparatively to 1% till the end of 2009, 4% till the end of 2010, 7% till the end of 2011 (Figure) [5].

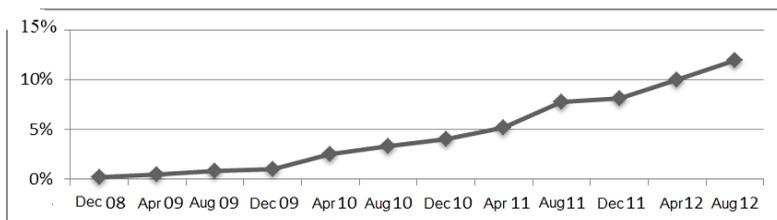


Figure. Dynamics of mobile traffic share in general structure of the Internet traffic in 2008-2012

According to the experts' predictions this tendency will continue minimum for the next decade [4] that is why the online marketing companies should shift focus on mobile users and intensify their efforts for development towards mobile advertising.

In the process of their realization of marketing strategies, the IT companies should consider experience of the world leaders, as well as tendencies and changes on the market to keep their competitive positions at the market.

According to Porter, the market competitive advantages of the company can be won by one of the following ways:

- offering of goods at lower prices than the ones of their competitors;
- focusing on narrow segment of users;
- offering of more wide range of goods and services than the ones of their competitors;
- maintaining of leadership through constant innovations [7].

These strategies can be rarely met in pure state, generally saying, main

marketing activities of the companies represented by combination of various business strategies and methods.

To gain advantages over the competitors, IT companies use full range of the aforesaid methods:

- they try to reduce costs on account of ROI-oriented traffic purchase, as well as optimization of costs for creation and simultaneous promotion of the products (cheaper labor force, experiments with prices on services and use of goods, creation and promotion of substitute goods, so-called “cross-promotion” for retention of users and more complete satisfaction of their needs);

- by creating niche and overspecialized products they focus on individual market segments, proceeding from the existing market state in the certain country, such as market penetration, penetration and popularity of use of credit cards as payment vehicle, they create adapted products for the areas where a current model has low chances to become an effective one;

- they constantly widen the range of goods produced and services offered on account of variation of already existing ones and their adjustment to new markets.

However, taking into consideration the specifics of the industry studied and its competition growth rate, it can be said that the first 3 methods would not provide the companies with long-term competitive advantages, as opposed to the latter – information activities. The IT companies will achieve success only if they promptly discover new demands of customers which are insufficiently satisfied by the existing competitive products, predicting the customers’ demands in future, and creating mechanisms for their satisfaction.

Directions for IT companies’ future development

In the nearest future, all great IT companies should win and keep competitive advantages in the following directions.

Constant implementation of innovations, entry into new geographic markets, increase in market share and users’ database on the existing markets, focusing on new segments of users, as well as development of new products to the maximum satisfaction of the customers’ requirements should be continuous processes in any modern IT company.

The next high-priority process is cross-platformness, provision of a user with possibility to use the services rendered from any device and on any platform (not only web platform, but also in social network, from mobile devices). IT companies should pay special attention to further mobile platform development, creation of individual mobile products, improvement of the existing products and services for usability of mobile devices.

For the last time, we can see decrease in the level of effect of traditional and B2C advertising for users that is first of all connected with their overstock on the Internet, secondly, to mistrust of the users to the manufacturer or product. That is why the focus is shifted to C2C that means the consumer will be more willing to trust to the product recommended by his friend or the person who has authority in his eyes. Therefore, we could recommend IT companies to perform their activities in the following directions:

1. Development of marketing community (attraction of brand advocates) through social media. In particular, this is brand marketing, creation and increase of the group of loyal users, increase of trust to other services of the company, awareness and identification of users with the brand. The companies should direct their efforts to attraction of users who can share their experience and recommendations.

2. Attraction of influential clients and opinion leaders to propagation of their idea. Many firms spend a lot of their efforts on search and collaboration with agents of influence on the audience, although the best solution would be to find and train their own opinion leaders, and then provide them with important information of the company they could share.

3. Customer assistance in creation of social capital that is creation of a contact network, work on reputation, provision of access to new knowledge [8].

The above-mentioned directions of development of customer relations could be addressed to so-called “new generation marketing” [8], the principal concept of which is that on the basis of social-oriented marketing system one can conduct much more activities directed to creation of sustained growth owing to genuine relationship with the clients than by traditional marketing tools.

Moreover, for the modern company it is not enough to provide only high-quality services at affordable prices, it should make its users happier, self-satisfied in the process of the service’s application, to pay more and more attention to its mission, ethics and social responsibility.

Therefore, one more important direction of IT company’s activities in the future can be societal marketing. So that the company could achieve its commercial goals and be favorably treated in public moral context and create positive image in customers’ conscience at the same time.

Results. Proceeding from the research made we can conclude that more and more companies start to implement online marketing in their commercial activities, and for the beginning as one of traditional marketing mix elements, and later completely transferring their marketing complexes on the Internet. Many leading IT companies, that came to such marketing, focus on online services.

The largest IT companies are inspired in their development by the example of such industrial giants as Google, Facebook, Microsoft, Apple, etc. and trend-setters who initiated the following tendencies on information services market during the last 10-20 years, such as:

- concentration of services of a company in one place to achieve client comfort, as well as extension of service range to achieve client loyalty and retention;

- cross-platform marketing and shifting emphasis from PC to mobile devices, opportunity to use the company's products from and device/platform;

- shifting emphasis to C2C, creation of a base of loyal users, including influential people, or opinion leaders who can promulgate positive praise of the company and its services, and whose opinion would rather be preferred by users than instruments of modern advertising.

Therefore, modern IT companies should work in these directions in order to win and hold competing market advantages, as well as move to societal marketing taking into consideration public interests, interests of their users, business partners, and competitors while achieving their goals.

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ОСОБЛИВОСТІ ОНЛАЙН-МАРКЕТИНГУ КОМПАНІЇ

Стаття присвячена питанням маркетингових стратегій компаній, які займаються онлайн-маркетингом, аналізу основних компонентів традиційного маркетингу та комплексу онлайн-маркетингу, визначенню місця комерційної діяльності онлайн-маркетингу у сучасних компаніях, а також його переваг в порівнянні з традиційним маркетингом. В статті також розглянуто той факт, що шляхи розвитку більшості компаній, які займаються онлайн-маркетингом, багато в чому були визначені гігантами ІТ-індустрії, які проклали шлях до розвитку та конкурентному зростанню на ринку. Крім того, в статті розглянуто характеристики основних тенденцій розвитку ІТ-індустрії за останні десятиліття, а також рекомендації для подальшого розвитку ІТ-компаній, які хочуть зберегти свої конкурентні позиції на ринку в умовах постійно зростаючої конкуренції.

Ключові слова: онлайн-маркетинг, комплекс маркетингу, конкурентна стратегія, концепція маркетингу, соціально-етичний маркетинг, трафік, купівля трафіку орієнтованого на ROI, ІТ-індустрія, виділення цільових груп, ефективність маркетингової кампанії, партнерський маркетинг, прямий маркетинг, бізнес-модель, B2B (business-to-business), B2C (business-to-customer), C2C (customer-to-customer), рекламна платформа, крос-платформний маркетинг, мобільний маркетинг.

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ОСОБЕННОСТИ ОНЛАЙН-МАРКЕТИНГА КОМПАНИИ

Статья посвящена вопросам маркетинговых стратегий компаний, занимающихся онлайн-маркетингом, анализу основных компонентов традиционного маркетинга и комплекса онлайн-маркетинга, определению места коммерческой деятельности онлайн-маркетинга в современных компаниях, а также его преимуществ по сравнению с традиционным маркетингом. В статье также рассмотрен тот факт, что пути развития многих компаний, занимающихся онлайн-маркетингом, во многом были определены гигантами IT-индустрии, которые проложили путь к развитию и

конкурентному росту на ринку. Крім того, в статті представлено характеристики основних тенденцій в розвитку ІТ-індустрії за останні десятиліття, а також рекомендації для подальшого розвитку ІТ-компаній, які хочуть зберегти свої конкурентні позиції на ринку в умовах постійно зростаючої конкуренції.

Ключевые слова: онлайн-маркетинг, комплекс маркетинга, конкурентная стратегия, концепция маркетинга, социально-этичный маркетинг, трафик, покупка ROI ориентированного трафика, ІТ-індустрія, виділення цільових груп, ефективність маркетингової кампанії, партнерський маркетинг, прямий маркетинг, бізнес-модель, B2B (business-to-business), B2C (business-to-customer), C2C (customer-to-customer), рекламна платформа, кросс-платформенний маркетинг, мобільний маркетинг.
