



ORIGINAL PAPER



DOI: 10.26794/2220-6469-2021-15-3-69-76
UDC 339.138(045)
JEL M31

Analysis of Marketing Features in Russia in the Context of Digitalization

P.V. Evstigneeva

Financial University, Moscow, Russia
<https://orcid.org/0000-0002-9194-4394>

ABSTRACT

In the modern world, constantly changing business trends require more attention to promoting the brand and attracting an audience. The need to study and analyze the effects of marketing tools and tools has increased significantly with the advent of digital technologies. In response to the daily challenges associated with the changing level of competition in the market, globalization, and consumer awareness, small and medium-sized businesses are forced to adapt. There is a change in the course of conducting the promotion policy, and preference is given to the Internet space. In this regard, new platforms for market relations come to the fore. For entrepreneurs, the question arises “how?” and “where?” should they conduct their activity. The article discusses the features of the trend of transition to Internet marketing and the results of scientific research. Also, the author considered the issue of the relevance of digital promotion tools.

Keywords: small and medium business; business; marketing; promotion; digital marketing; SMM; social networks; marketing tools; research; survey

For citation: Evstigneeva P.V. Analysis of marketing features in Russia in the context of digitalization. *Mir novoi ekonomiki = The World of New Economy*. 2021;15(3):69-76. DOI: 10.26794/2220-6469-2021-15-3-69-76



In the last two decades, business attitudes to marketing have changed dramatically. Whereas business used to look at marketing as an optional addition to its current business activities, shaping the company's image and incurring significant costs, it is now a mandatory activity for even the smallest organizations. Companies implementing strategic marketing planning systems are more successful.[1] However, almost half of companies in Russia are still not aware of the need to introduce marketing.[2]

For an overview of the current status of marketing in small and medium-sized businesses, the author conducted a study in which 153 organizations participated: mostly small companies and individual entrepreneurs in different spheres of activity.

On average, small businesses have up to 50 employees, some of whom are involved in marketing. 56.9% companies are supported by marketing staff; 20.8% have at least one staff member who deals with marketing, combining this activity with other tasks; in 15.3% of cases the owner assumes the role of marketer. Agencies are the least used by firms (4.8%) or freelancers (2.2%).

In most industries, small-scale enterprises are aware of the need for marketing and develop marketing competencies within the company, either through the allocation of special jobs or by adding additional functions to their employees.¹ Practice shows that it is much more effective to form a team within a company than to hire someone from outside. For small businesses, the issue of efficiency is particularly acute because of limited resources and financial flow. With the right policies and tools in place, small businesses can perform well even with limited assets and multi-tasking staff.[3]

Most small and medium-sized companies do not develop marketing strategies but use

separate promotion tools. For example, in the last few years, social media marketing has become the most common tool to increase brand recognition, consistently outpacing all other communication media.[4] It is followed by e-mail marketing, content-marketing and electronic media advertising. These four tools form the main pool of marketing activities of small businesses developing their own brand.

However, companies need integrated strategic planning, that to link targets to outcomes and adjust tactical and operational targets. The ultimate goal of any marketing campaign — is to attract new customers. The client attraction model has changed over the past 10 years: major communication channels, modes of information consumption, types of interaction with clients have changed. The traditional tools of interaction with target audiences (television, radio, print media, etc.) have been replaced by digital tools (social networking, context advertising, search engine optimization, etc.). Small businesses have access to tools previously used only by large brands due to high costs: outdoor advertising, advertisements for bloggers and opinion leaders, promotional events, all kinds of Internet advertising.[5]

At the same time popular tools in the 2000s: print, television and radio advertising, as well as SMS-marketing are used less and less frequently (*fig. 1*).

From *fig. 1*, it can be concluded that small and medium-sized enterprises use almost all available marketing tools, but still prefer Internet-technologies as the most economical and efficient way to promote. Moreover, the pricing of advertising services on the Internet — is dynamic, which means that the price for coverage and conversion will vary depending on industry, demand, season and other factors. This allows companies to use advertising budgets more effectively.

In terms of attracting new clients, statistics are almost identical to data showing sources of

¹ Marketing trends for small business. Research. RUSABILITY. URL: <https://rusability.ru/internet-marketing/trendy-marketingadlya-malogo-biznesa-issledovanie/> (accessed: 06.01.2020).

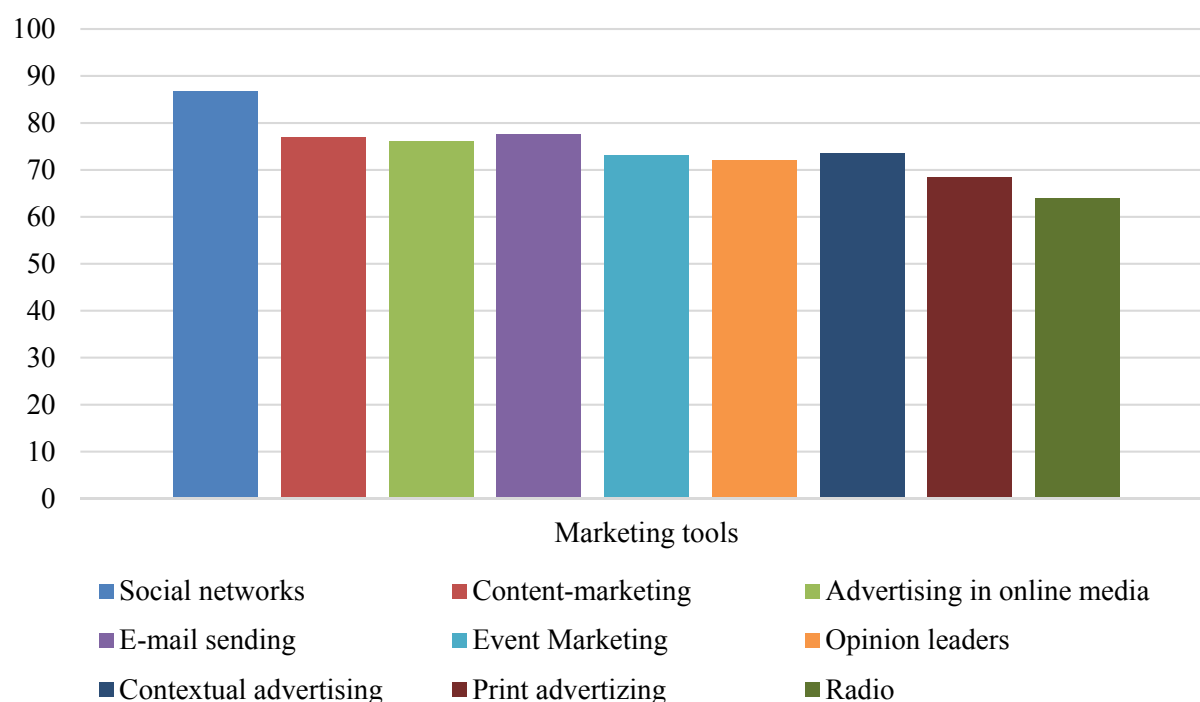


Fig. 1. Marketing tools used by small and medium enterprises

Source: compiled by the author.

coverage: main inflow — from social networks, further — leads² from e-mails sending and special projects to Internet media, event marketing³ and video-marketing.

By retrospective analysis of marketing tactics, a set of best practices can be identified and the budget reallocated to their benefit.[6] Find out which tactic small businesses are going to use to optimize their marketing budget.

Small businesses plan to increase spending on digital-marketing (78%), social-media (73%), email-marketing (57%) and event-marketing (55%). Traditional marketing, such as print, television and radio advertising, outdoor advertising, etc., may become the main focus of budget cuts (56%). 36% of respondents don't plan to change their marketing strategy.

Overall, it is evident that most small enterprises are seeking to increase their

marketing budgets across the board, and very few plan to reduce spending on certain tools as part of their marketing strategy and budget. This is a positive trend: small enterprises have found the most efficient tools on an experimental basis and now intend to use their resources more rationally.

Despite the fact that social-media doesn't guarantee the security of personal data (which is very important for business abroad), Russian entrepreneurs use it as the main source of client attraction to avoid the costs of creating and promoting their own site. So many companies, differing by retail, tourism, or restaurant business, build all communication and content strategy on their social-media pages. The disadvantage of social networking is the constant updating of the algorithms for news, advertisements and targeting users, which affects the effectiveness of promotion when using the tool inexperienced.

Based on the above data, most respondents plan to increase or maintain their email-

² Potential customers who may purchase.

³ Promotion through the organization of events.

marketing costs. Mailing has proved to be an effective tool in retail (combined with content marketing and stock promotion). According to entrepreneurs, they are one of the leading channels of communication with clients in terms of return on investment. Today email-marketing continues to show good results and solves the most important marketing challenges of small business.[7] However, about a third of the respondents plan to reduce their e-mail spending costs.

Combining SMM (social media marketing) and email marketing is good: these platforms open direct communication channels and allow for closer contact with their audience. They cultivate authenticity, help build trust with potential clients and increase the likelihood of subscribers converting to brand lawyers.⁴ These two communication channels close the entire core pool of marketing tasks of small and medium-sized businesses. Consider the marketing challenges facing small businesses.

The goal of any business — is to maximize profits, and therefore to reduce costs and increase revenues, i.e. sales. Therefore, the most important and basic task of small business — is to attract clients. This is followed by a task closely related to the previous one — increasing the number of potential clients and leads. Next is an increase in web traffic, social network subscribers and conversions. Important but not essential tasks for marketers are also to maintain current clients, maintain loyalty programs, increase the e-mail spending base and work with opinion leaders.[8]

On the basis of current marketing objectives, it's possible to schedule the main objectives of the marketers of small and medium-sized enterprises:

1. Attracting new clients.
2. Retention of existing clients.

3. Increasing the lifetime value⁵ of the client.
4. Content-strategy formation.
5. Building audience loyalty.
6. Client path construction and improvement.
7. Increase in customer's average check.
8. Widening the e-mail spending base.

As mentioned above, social media and e-mail spending can do some of these things. Although social media have proved to be better than other channels of communication with the audience (sites, e-mail spending, call-centers, contextual advertising, etc.), many companies note that the results do not always meet their expectations. This may be due to the lack of social media strategies and competences of staff on the tool.

The most popular social networks in Russia are YouTube — 41.2 million Russians and VKontakte come here every month with 38.2 million active users per month. The top-10 social-media and resources also include Instagram (30.7 million users per month) and Odnoklassniki (23.4 million).⁶ (fig. 2)

Note that VKontakte and Instagram are most popular with the audience of 16–24 years, and Facebook — in people over 45 years of age. Among the older age group (55 and over) YouTube, Odnoklassniki and VKontakte are popular. All of this is worth taking into account when formulating a marketing strategy. However, the survey showed that most entrepreneurs don't social network analyst and choose the cheapest promotion channels to guarantee maximum coverage. Most often it is Instagram and Vkontakte, whose main audience is young people — the least paying category of users. Consequently, companies should rethink their communication

⁴ Regular customers who act as brand advocates and recommend the product.

⁵ Total revenue from all transactions of the client less costs of engagement.

⁶ Digital technologies in 2020 / We Are Social и Hootsuite. URL: <https://wearesocial.com/digital-2020> (accessed: 20.08.2020).

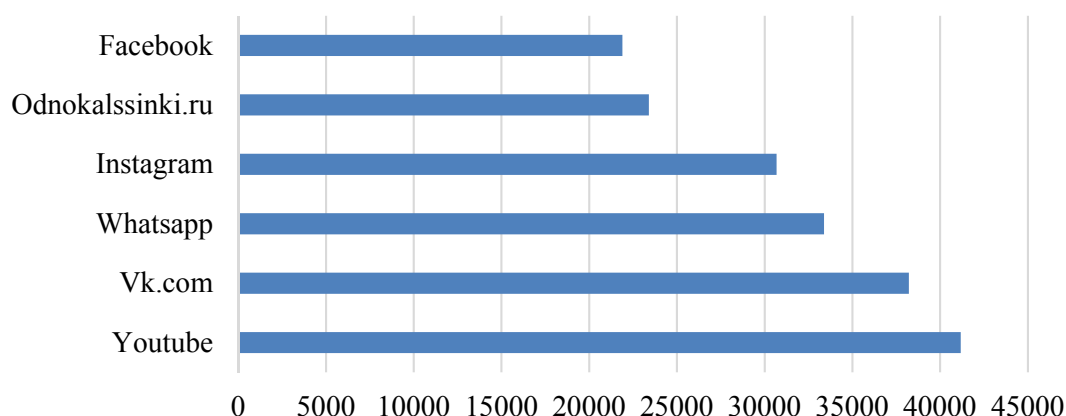


Fig.2. Rating of social networks of the Russian Internet by the number of users per month

Source: Mediascope, webindex. URL: <https://mediascope.net/news/1209287/> / Mediascope, webindex. URL: <https://mediascope.net/news/1209287/>.

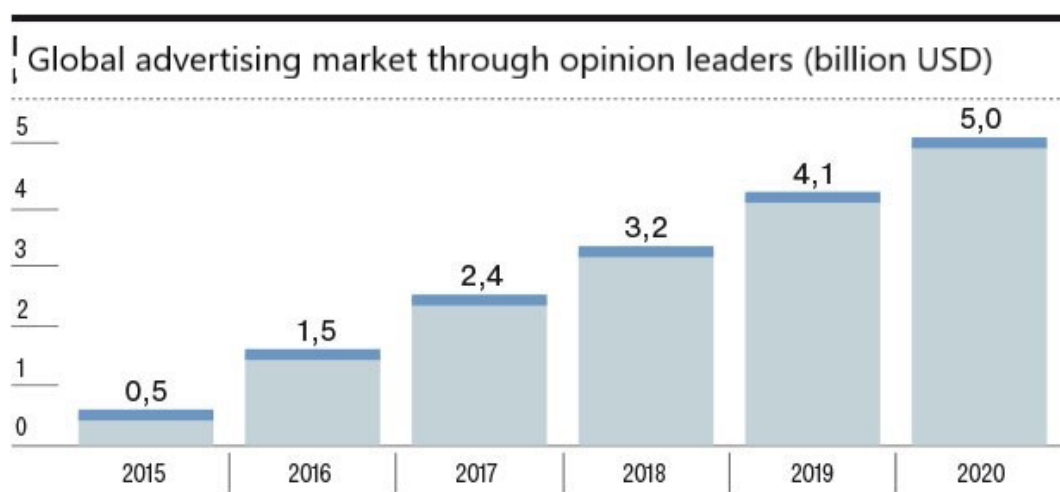


Рис. 3 / Fig 3. Глобальный рынок рекламы у лидеров мнений / The global influencer advertising market

Source: MEDIKIX. URL: <https://mediakix.com/blog/instagram-influencer-marketing-industry-size-how-big/> / MEDIKIX. URL: <https://mediakix.com/blog/instagram-influencer-marketing-industry-size-how-big/>.

strategy and reallocate the budget in social-media.

In the survey, respondents looked at almost all available marketing tools and chose the ones best suited to them. The most frequently mentioned were social media, targeted and contextual advertising, media advertising and mass mailing (e-mail and sms).

To date, one of the most effective ways to attract clients is to work with opinion leaders. This type of activity includes both standard advertisements from bloggers and

the engagement of brand ambassadors who will take part in marketing activities and give a boost to business development.⁷ The brand-ambassadors communicates about companies to friends and subscribers, sharing publications and e-mails. They provide good coverage and narrow the sales funnel to remove the objection of potential customers. Over the last five years, the advertising market for opinion leaders has grown more than tenfold (fig. 3).

⁷ Bloggers sell more. Kommersant. URL: <https://www.kommersant.ru/doc/4053013> (accessed: 17.08.2020).

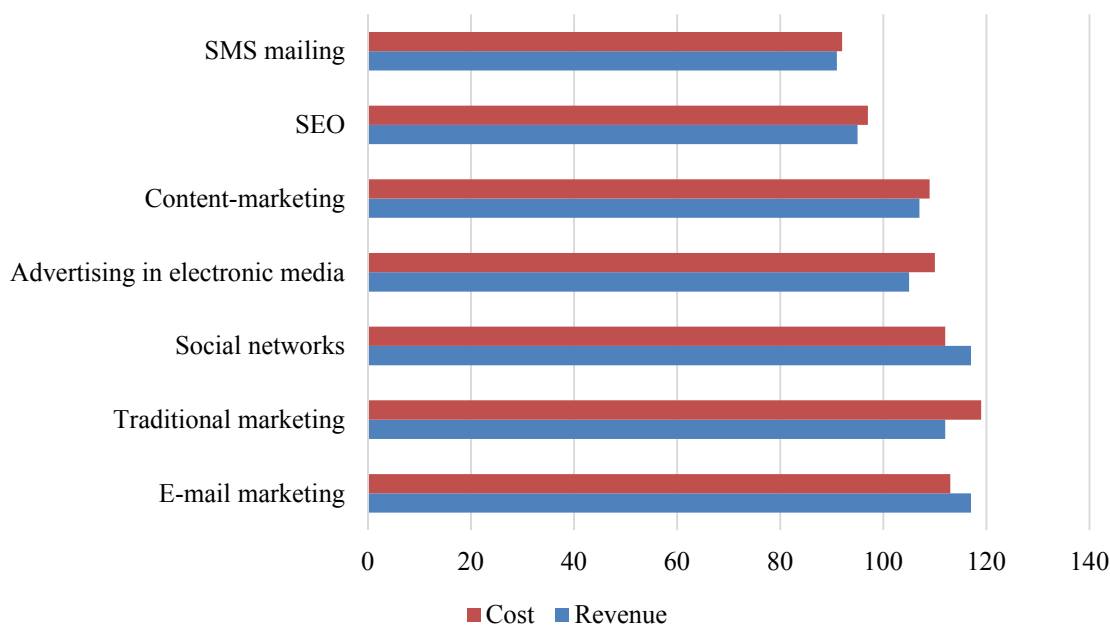


Fig 4. The ratio of income and expenses for individual marketing tools in small and medium-sized businesses

Source: compiled by the author.

Based on the results of the research, most small enterprises consider the marketing of influence to be the most complex technique whose results are difficult to evaluate. This way of attracting customers is therefore the exception rather than the rule in the marketing of small and medium-sized enterprises. Besides, working with bloggers is a rather expensive tool that not all enterprises can afford. Especially if they are famous people.

The issue of budget allocation in small companies is particularly acute. Small businesses spend the most on traditional marketing, SMM and email-marketing. They are followed by context advertising and content-marketing. Setting of SEO (search engineering optimization) and SMS-marketing are the smallest items of expenditure due to lack of high conversion efficiency in sales. The leading suppliers are e-mail marketing and social-media. This explains the distribution of promotion costs, although the correlation is indirect. Consider the ratio of revenue to cost of selected marketing tools in more detail (fig. 4).

Fig. 4 presents statistics on the number of companies that have budgeted for a given instrument and have received returns on investment (a total of 153 enterprises participated in the study). We can see in the graph that almost every kind of activity generates the company's revenue. However, the costs of traditional marketing and content marketing are higher than the profits they generate. Here, it is important to stress that these types of marketing address a number of other tasks not directly related to sales: providing a wide audience, positioning the brand and forming the company's image, creating a community and creating a pool of potential customers close to the brand.

Based on the above data we can conclude that small business focuses on direct communication with consumers through channels such as social networks and e-mail marketing. The ability to make personal contact helps to find and maintain loyal clients who will not only provide constant income, but will also be able to become brand advocates and bring in new customers.[9]

Important phase in marketing strategies — evaluation of marketing performance. It includes an analysis of the results of each communication channel individually and the overall success of the enterprise as a whole. To assess the effectiveness of marketing tools, indicators of audience coverage, lead cost and final sales are used. An indisputable advantage of digital-marketing is the ability to accurately measure contacts and conversions, which allows for the rapid reallocation of the budget to more efficient channels of communication. The most common indicators used to measure effectiveness are:

- Income: total income, income from regular customers, income from each marketing channel, income of each manager.
- Costs: total customer engagement costs (CEC), costs per individual communication channel, lead costs, buyer costs, outsourced client costs.
- Integrated indicators: margin, client life cycle (CLC), LCL-to-client ratio, conversation rate (sales of total bids), ROI (return on investment).[9]

The analysis of the marketing cost structure allows for a more efficient allocation of the budget between communication channels. Understanding overall marketing costs enables product price management. In low margin products and products with high demand elasticities, it is particularly important to limit advertising budgets, as increasing the cost of attracting users and subsequently increasing prices can have a negative impact on final demand.[10]

By summing up the above, we can identify a trend of shifting the focus of companies towards digital-marketing. Not surprisingly — Internet use in Russia has increased significantly in the last few years and 81% of the total population has access

to it⁸ (118 million person). Ease of access, as well as minimum investment required, contribute to the growth of online-business. The transparency and efficiency of investments in electronic business tools make them unparalleled in all marketing activities.

The experience of foreign markets shows that small businesses in developed countries focus on direct interaction with potential customers, choosing social networks and e-mail marketing as the main channels of communication. The possibility of personal communication helps to form a loyal attitude of the client and to gather a circle of brand lawyers. It is interesting that in the issues of use of social networks as a tool of interaction with the audience Russian market has moved forward: our companies are better acquainted with content strategy, customization of targeted advertising and community-management. For example, some foreign companies note that Facebook has shown better efficiency among other sales channels. Some companies, on the other hand, claim that Facebook's advertising budget was wasted. This difference in results may be due to a lack of professional experience in dealing with social-media. According to foreign counterparts, e-mail remains the simplest platform for interaction with users, showing better financial returns in a digital environment.⁹

In summary, it may be noted, that the best results are obtained by combining marketing tools into a single marketing strategy tailored to the specific industry, target audience and enterprise needs.

⁸ Audience of social media in Russia. Popsters. URL: <https://popsters.ru/blog/post/auditoriya-socsetey-v-rossii> (accessed: 13.08.2020).

⁹ 75+ small business statistics to help your digital marketing strategy. BLUE CORONA Measurable Marketing Solutions. URL: <https://www.bluecorona.com/blog/29-small-business-digital-marketing-statistics/> (accessed 10.01.2020)

REFERENCES

1. Adamchuk I. A., Stefanova V. D. The role of marketing in small business. *Territoriya nauki*. 2014;(5):78–84. URL: <https://cyberleninka.ru/article/n/rol-marketinga-v-malom-biznese> (In Russ.).
2. Kovalevskii O. I. Improving marketing activities at small and medium-sized businesses. *Molodoi uchenyi = Young Scientist*. 2017;(43):154–156. URL: <https://moluch.ru/archive/177/46118/> (In Russ.).
3. Putra E. D., Cho S. Characteristics of small business leadership from employees' perspective: A qualitative study. *International Journal of Hospitality Management*. 2019;78(4):36–46. DOI: 10.1016/j.ijhm.2018.11.011
4. Ibragimov T. G., Yakunina M. G. Trends and prospects of development of small business in Russia on the example of foreign experience. *Krymskii nauchnyi vestnik = The Crimean Scientific Bulletin*. 2019;(1):25–32. (In Russ.). DOI: 10.24411/2412–1657–2018–10033
5. Tadesse D., Pettersson T. Small enterprises' marketing strategy in the digital era: A study of hotels in Sweden. Student thesis, master degree. Gävle: University of Gävle; 2019. 71 p. URL: <https://www.diva-portal.org/smash/get/diva2:1327656/FULLTEXT01.pdf>
6. Artemova O. V., Osipova T. N. Small and medium business: Limitations, opportunities and prospects. Chelyabinsk: City Print; 2010. 238 p. (In Russ.).
7. Rozanova T., Stytsyuk R. Yu., Artemyeva O. A. The role and effectiveness of marketing management at different levels of the marketing strategy. *Ekonomika i upravlenie v mashinostroenii*. 2016;(4):47–50. (In Russ.).
8. Iankova S., Davies I., Archer-Brown C., Marder B., Yau A. A comparison of social media marketing between B 2B, B 2C and mixed business models. *Industrial Marketing Management*. 2019;81:169–179. DOI: 10.1016/j.indmarman.2018.01.001
9. Sidorchuk R. R. Modern concepts of marketing in small business. *Diskussiya = Discussion*. 2012;(6):65–70. URL: <https://cyberleninka.ru/article/n/sovremennyye-kontseptsii-marketinga-v-malom-predprinimatelstve> (In Russ.).
10. Reuter G. Reasons that prevented achieving the result. *Biznes*. 2015;(45):58–67. (In Russ.).

ABOUT THE AUTHOR



Polina V. Evstigneeva — Senior Lecturer, Department of Tourism and Hotel Business, Financial University, Moscow, Russia
metelkinapolli@mail.ru

The article was received on 18.12.2020; revised on 01.02.2021 and accepted for publication on 12.03.2021. The author read and approved the final version of the manuscript.