



BS Thesis
In Business Administration

**Methods of Product and Service Promotion in
Social Network Websites Demonstrated with an
Example of VK.com Website**

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University of Iceland

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June 2012



HÁSKÓLI ÍSLANDS

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Final project towards a BS degree in Business Administration

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This thesis is a 12 credit final project towards a BS degree in Business
Administration at the School of Social Science at the University of
Iceland.

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Prologue

This thesis is a 12 credit final project towards a BS degree in Business Administration with an emphasis in Marketing and International Business at the University of Iceland. The paper is prepared under the guidance of Þóra Christiansen, adjunct at the University of Iceland. The author would like to thanks Þóra for providing the valuable guidance.

Abstract

The purpose of the current study was to develop a model of promoting goods and services in social network websites with an example of a website VK, the most popular social network in Russia and other former Soviet republics.

In the first chapter, to begin with were described the main characteristics of Internet services and their usage for online product and service promotion. Next were analyzed various factors that determine the effectiveness of online communications. The advertising campaign goals were divided into two groups: economical and communicative. From that, the effectiveness of advertising was also divided into two components: communicative and economical effectiveness. To assess the effectiveness of online advertising it was proposed to utilize the comprehensive system of evaluating the effectiveness at the stage when Internet consumers engage with advertising information. This joint system integrated the so-called “AIDA concept”, which assumes four steps in the consumer purchase-decision process: attention, interest, desire and action; and major web analytics that measure and analyze the effectiveness of online marketing activities. Another important step in product and service promotion is to select the right supplier of resources, in our case, advertising space and time. To develop the appropriate techniques for selecting and evaluating suppliers of online advertising resources was used an analogy with the procurement logistics’ supplier selection and evaluation process.

In the second chapter was given the concept of social networks. To identify the aspects of promoting goods and services in social networks was provided an example of promoting goods of an online store Ochkoff.net in the widely used website VK. The advertising campaign resulted in profits and, consequently, it was concluded that with the right choice of a social network as supplier of ad space and time it is possible to promote products and services successfully and cost-effectively.

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1 Introduction

The relevance of the study. Networking through social media has become a new progressive step in the development of not only communication between people, but also in marketing, advertising, trade, economics and public administration. But most importantly, social networks have been increasingly impacting solutions of acute social problems facing mankind.

The main features of the new generation services are tools for searching the necessary contacts and establishing connections between people. With the social media networking tools every user can create his or her own virtual portrait.

On the Internet a social network is a software service, a space for interactions between individuals within a group or groups (Farkas, 2007, p. 111). According to the web information company's Alexa (2012b) constantly updated traffic data, among such spaces the most popular resources globally (in decreasing order) are Facebook (<http://www.facebook.com/>), Twitter (<http://twitter.com/>), LinkedIn (<http://www.linkedin.com/>), Pinterest (<http://pinterest.com/>), VK (originally VKontakte) (<http://vk.com/>), Flickr (<http://www.flickr.com/>) and Odnoklassniki (<http://odnoklassniki.ru/>). The less successful projects are Myspace (<http://www.myspace.com/>), Google+ (<https://plus.google.com/>), and blogs that were once at the peak of popularity – LiveJournal (<http://www.livejournal.com/>), Xanga (<http://www.xanga.com/>), Blogster (<http://www.blogster.com/>), after all lost their attractiveness among the users with the emergence of the new social networks: Facebook, Twitter and VK.

In Russia, according to Bricdata (2012), “due to increasing internet penetration, recent improvements in the country's telecommunications infrastructure and general economic growth, online retail is growing rapidly”. With such an expansion in the Internet use in Russia grows the use of social networking sites accordingly.

“By nearly every indicator, Russians are embracing social and digital media in ways deeper and more impactful than most other countries around the world. For those

looking to do business in the former Republic, significant opportunities now exist to leverage this new wave of social adoption” (Lawrence, 2011).

According to the comScore’s global study in 2010, Russia had most engaged social media users worldwide:

In August 2010, 34.5 million Russian internet users (74.5 percent of the online population) visited at least one social networking site. With an average of 9.8 hours per visitor during the month, Russians spent more than double the worldwide average of 4.5 hours per visitors on social networks, ranking it #1 among all countries in social networking engagement...Vkontakte.ru ranked as the top social networking site in Russia with 27.8 million visitors.

The novelty of the thesis consists in researching and classifying the characteristics of methods to promote products and services in social network websites with the example of VK.

The practical importance of the paper consists in developing and proposing the adoption of methods to promote products and services in social network websites with the example of VK.

The aim of the thesis is to develop a model of promoting goods and services in social network websites with the example of VK.

To achieve the aim the following steps are taken:

- identify trends and prospects of applying marketing on the Internet;
- develop guidelines for product and service promotion through the Internet and theoretical principles of selecting a supplier of information resources for advertising;
- examine the methodology for evaluating and selecting resource suppliers (advertising space and time);
- discuss the concept of social networks and identify aspects of promoting goods and services through social media.

The object of the research is an Internet promoting procedure.

The subject of research is methods of promoting products and services through social network websites.

The research problem is to develop a model of successful and cost-effective promoting of products and services on social network websites, such as VK.

Method. In the paper the following scientific research methods were used: descriptive, comparative-typological, statistical, graphical and modeling.

Structure. The paper's structure includes an introduction, two chapters of the main body, conclusion and references.

The first chapter examines the aspects of product promotion using Internet technologies.

The second chapter describes the specifics of promoting goods and services in social networking websites with the example of VK.

In the conclusion the major results of the conducted work are summed up and general conclusions are drawn.

2 Characteristics of Internet services aimed to secure marketing performance of a company

2.1 Features of Internet services as a commodity

The development of information technology, in which the Internet took a key position, and the emergence and rapid growth of e-commerce became the basis for the birth of a new trend in modern relationship marketing concept – Internet marketing.

According to the classical theory, marketing is understood as a system of knowledge aimed at managing customer demand from the perspective of a producer of goods or services (Kotler & Armstrong, 2009, p. 34). At the same time the consumer is perceived quite impersonally by marketers, as some average potential buyer who owns a certain supply of money. By controlling the production, in particular, the production volume, by distributing the produce to market outlets and by promoting sales with various methods, we can achieve funds transfer from the consumer's pocket to the company's budget, which, in fact, is the goal of any profit making organization.

However, the achievement of this cherished goal is usually associated with a number of intrinsic complications, among which the main one is the constant imbalance between production and consumption. This means that the manufacturer might produce far more goods than the market can absorb, or some of the offered products' features, such as price, payment method or delivery might not satisfy the consumer, which would, certainly, considerably reduce the demand. Furthermore, the consumer simply might not find sufficient information about the desired product in order to decide whether to buy or not. The product's warranty period or packaging also might not be suitable for the customer. Marketing science is intended to reduce such imbalance to the lowest level possible.

Under normal market conditions methods for solving the above problems can be counted on fingers. This is market research, including careful analysis of competing organizations' experience, demand research and advertising campaigns. In practice, feedback between consumers and producers in most cases does not exist – if there is something that does not satisfy the potential customer, he or she simply does not purchase the goods offered (Voss, Roth, Rosenzweig, Blackmon, & Chase, 2004).

The Internet, as a global information system introduced certain adjustments into the previous common practice. One of the main differences between the e-commerce market and the traditional market lies in the fact that when making a purchase via the Internet consumers attain a more equitable bargaining position over dealers due to new social conditions brought about by e-commerce. These conditions include public availability of and equality of access to information, which results in online trade practices becoming more transparent, equitable and fairer (Janson & Cecez-Kecmanovic, 2005). To find out what views an online user has on a product or service offered is simpler and can be done swiftly. Naturally, processing of statistical data obtained in such a manner is also relatively simple, and as a result, information collected would be up-to-date and relevant. In turn, this would allow a manufacturer to flexibly change his or her marketing policy according to changing circumstances, which are not only due to market conditions overall, but also due to demand fluctuations in particular, as in this case, a marketer would identify the fluctuations causes with a high degree of credibility.

At the same time a business concept with the use of electronic and computer technologies is much broader than a simple study of consumer demand. While the Internet allows computers to be connected and communicate with each other, the World Wide Web (Web) uses software programs that enable computer users to access various files over the Internet (Malik, 2012, p. 13). In general, we can say that the World Wide Web offers businesses a multimillion consumer audience at the lowest price. Indeed, the cost of a full-fledged advertising campaign using the Internet is significantly lower than with other means of advertising media. A web-based campaign gives the opportunity to address each individual user directly, which makes such an approach truly unique. The Internet allows you to fully automate the process of servicing the potential clientele by providing the requested service twenty four hours a day, seven days a week and three hundred sixty five days a year without undue cost („Survey: Business and the Internet,” 1999).

The Internet offers an enterprise the opportunity not only to organize effective feedback to the buyers and promptly examine their needs, but also to flexibly change its own marketing plans and advertising projects in accordance with the changing economic situation. The Internet is an indispensable tool for obtaining fresh marketing information. It surpasses and complements in such respect the other traditional media, such as

newspapers, television and radio. The Internet represents the best way in finding potential partners and investors that have their own websites or listed in some other computerized form (e.g. web directory), in particular abroad. This allows saving significantly on international phone calls and correspondence. Finally, the use of the Internet reduces greatly the overhead costs for the promotion of goods and services while maintaining the required efficiency (Copping, 2009, p. 151). It also lowers the risk of investment, which makes such risks manageable (Zask, 1999, p. 76). All we need is to know how to turn all these multiple perspectives to life and extract from them the highest profit possible.

The Internet has become a powerful tool in the following marketing areas: advertising (posting information about a product, sending e-mails, participating in teleconferences), sales promotion, public relations (web publication of press releases, providing current information to shareholders and the public, increasing organization's awareness, answers to questions concerning the organization and its products, etc.), sale of goods via the Internet (electronic commerce), marketing research and providing after-sales services (consulting, information on request) (Darby, Jones, & Madani, 2003).

Advertising. The apparent advantage of online advertising is a direct hit on the target audience without scattering efforts on unnecessary contacts and the possibility itself to track these contacts. The latter allows a seller to accurately set the advertising cost, which is usually determined on the basis of one thousand viewers (Cost per mille) (Surmanek, 1996, p. 77).

Sales promotion. With the help of internet marketing it is possible to increase sales through the use of the following (Chaffey, Ellis-Chadwick, Mayer, & Johnston, 2009):

1. Improving the sales process by:

- Consumer involvement in the new product development.
- Better selection of target consumers who are offered the desired products at the right time. For this, in particular, the profile of purchases made is studied;
- Harnessing the promise of cost-effective attainment and service of dispersed consumer markets;

- Better illustrating the advantages by products offered;
- Demonstrating to consumers the results of opinion surveys to enhance their loyalty;

2. Expanding consumer shopping experience by:

- Providing customer advice for the products with want-satisfying qualities;
- Establishing contacts with suppliers of complementary products to ensure the total customer satisfaction;
- Assisting customers in designing a systematic inquiry, which the product is a part of.

3. Improving the consumer experience by:

- Supplying information on the use of purchased products;
- Providing support services based on consumer needs and practices.

Public relations. Internet tools allow PR-campaigns online. For example, news releases and pitch letters can now be e-mailed to media outlets, and media kits or press centers can be found on corporate websites. The Internet also provides a means to bypass media gatekeepers and go directly to the client's publics (e.g., through corporate websites and e-mail feedback) (Gower & Jung-Yul Cho, 2001).

Sales of goods over the Internet. For example, in the U.S. in year 2009 the categories of the most sold merchandises over the Internet (in descending order) were clothing, electronics and appliances, computer hardware and software, other merchandise (collectibles, souvenirs, auto-parts and accessories, hardware, lawn and garden equipment and supplies, and jewelry), furniture and home furnishings, non-merchandise receipts (auction commissions, customer training, customer support, advertising, and shipping and handling), drugs and beauty aids (United States Census Bureau, 2011).

That is the main subject of Internet marketing. In fact, Internet marketing includes a whole range of subsidiary disciplines: not only banner ads and public relations, but also marketing research methods on the Internet, in particular the study of demand and consumer audiences, tools and techniques for conducting effective marketing campaigns,

approaches for correct brand positioning on the market and much more. Unlike traditional marketing, which, to a greater or lesser degree, is now taught in most institutions of higher education, Internet marketing for some reason is considered a complex and rather difficult subject, to study which to the full extent is only given to the select few (Croll, 2011).

In fact, the Internet services include a range of subsidiary branches, including not only banner advertising and public relations, but also methods of marketing research on the Internet, particularly the study of demand and consumer audiences, the strategy and tactics behind designing online marketing campaigns, Internet methods of brand positioning and much, much more.

Internet marketing (also known as online marketing, e-marketing, web advertising and web marketing) can be defined as a theory and methodology of organizing marketing activities in the Internet environment (Spindler, 2010, p. 6).

The Internet has its unique characteristics that differ significantly from the characteristics of traditional marketing tools. One of the basic properties of the Internet environment is its hypermedia nature, characterized by high efficiency in information representation and assimilation, which increases greatly the possibility of enhancing the relationship marketing between businesses and consumers. With the advent of the Internet the process of establishing communication with the external environment has changed qualitatively. Internet, as an instrument for information delivery to target audiences and an effective tool of influencing them, has provided new opportunities for business expansion, among others by means of interactive ways of communicating with consumers.

2.2 Basic principles and features of organizing product and service promotion with the aid of Internet technologies

The main tools of product and service promotion on the Internet include: World Wide Web (WWW) advertising, banner ads, e-mail publishing and advertisements in newsgroups (Usenet) (Bidgoli, 2002, p. 226).

The names "Internet" and "WWW" are often seen as synonymous. The system of the World Wide Web allows interaction with the submitted to the web-servers content. Corporate website, which is hosted on a web-server, should be considered as the main space and a means of advertising on the Internet. This is a modern, convenient, forward-looking and universal service on the Internet. It is being ultimately the most referred to

during advertising campaigns, and in its absence, such campaigns cannot be considered effective. Interactive WWW sites provide users with access to information about a product, service, customer care, and, as well, allow placing an order quickly and conveniently on one of the sites. Web visitors of some sites have the ability to leave their comments, request additional information, enter into correspondence by e-mail, and even monitor the progress of the execution of an order. The cost of advertising on the WWW engrosses the main share in the total cost of Internet advertising. Some experts estimate the growth of this type of cost as an exponential.

Building a corporate website requires high professionalism. The interest of Internet users may be confined to very different areas, not related to your company or product. Sometimes they are not even aware of the existence of information that could come useful to them. Publishing to a web-server (website) additional content, which is not directly related to the sales market, provides an opportunity to attract further attention to the advertisement. It may be news, weather, sports, (some even do not neglect the use of pornography), etc. Such an approach provides a means of attracting much of the non-target audience, acquires popularity for the company, fame, steady image, in other words, it opens up the new market segments for the business. Even creating a website, which is not directly affecting the market, can be regarded as a good marketing campaign for the development of potential markets (Ridgway et al., 2005). One simply needs to give the consumer an extra opportunity to “mix business with pleasure”.

The obvious advantage of using web-servers is the ability to apply various forms of presentation of information about the product – graphics, sound, animation, video and many more. Web-server can also be used as a round-the-clock virtual store.

One of the most important kinds of Internet advertising is the so-called banner ads. Banner ad is a form of online advertising entails embedding an advertisement into a web page, which is intended to attract traffic to a website by linking to the website of the advertiser. The advertisement is constructed from an image (Brown, 2011, p. 281). Banner advertising is the most common and effective way to increase web traffic. Moreover, banners are a powerful tool for image advertising (Delta & Matsuura, 2011, p. 14-50.1).

Among the technologies of banner ads display can be noted:

1. The use of special Banner Exchange Services, which provide a display of your banner ads on other webpages in return for showing some else's banners on your webpage.

Furthermore, it is possible to practice:

- displaying banner ads only on a certain, chosen by the advertiser, group of servers;
 - displaying banners with a given intensity (frequency) or only in certain time windows;
 - disabling banner ad re-run to the user who had already seen it.
2. Implementation of a direct agreement with a web-master of other webpages on the placement of banners from each other. It is desirable to exchange with webpages that have similar themes, but it should be borne in mind that the banner exchange with the competitors' web-site can also do more harm than good.
 3. The use of the direct payment method to a banner system, search engine, directory, or just to the popular web-sites for the display of your banners on their pages.

Electronic advertising on the mailing principle (e-mail) involves the mailing list formation of potential customers and e-mailing them private messages. E-mail service as a form of advertising is widespread. According to Radicati, in 2012, the number of businesses e-mails sent and received per day total 89 billion. This figure is expected to grow at an average annual rate of 13% over the next four years reaching over 143 billion by year-end 2016 (Radicati, 2012).

Features and benefits of electronic mail as follows:

First, it is quick and cheap communication channel with partners, colleagues, customers, dealers, subsidiaries, etc. It is an effective way of interacting domestically, but particularly useful when it comes to communicating internationally. A regular e-mail reaches the recipient in any country within seconds or minutes and is very cheap. E-mail can be used to send information, documentation, drawings, graphics, video- and audio-files for near-instantaneous exchange of views and relevant information (e.g., price changes, discounts on advertised products, new services, etc.).

Secondly, e-mail is quick and convenient channel of obtaining various, special information for work and professional growth. A huge amount of online information (including advertising) can be obtained free of charge by e-mail subscription. This comprises press releases, newsletters, specialized mailing lists, covering many interests (including business ones), in particular, reviews of individual market sectors, as well as certain types of products and so on.

Not to take advantage of these features is a weakness in the competitive market, often an additional expenditure of funds, which could be avoided, the rejection of prospects and new constantly emerging opportunities with the present rapidly growing Internet phenomenon.

Third, e-mail allows direct communication, consultation and collaboration with leading experts in their field in any country. This means that work can be approached with the highest standards - not only Russian, but also the world ones.

Fourth, having an e-mail it is possible, for example, to enable the autoreply program, with the information that is most often requested by the partners, clients, customers or employees. Upon receipt of an e-mail, the program would automatically send back the requested information (such as pricing information, manuals, technical data, invoices, various reference materials, newsletters and much more). Such answering machine can free an individual employee from part of routine work to make better use of his or her abilities, in other cases – even replace several staff people. In the case of need to periodically inform the general network of dealers, such an answering machine would replace the regular mail-out, and therefore, would save the cost of paper, postage and telephone calls.

The peculiarity of this type of advertising is in quite strict and individual nature of the communication of parties concerned. The administration of message transfer and processing is done using special computer nodes – servers.

Such an inexpensive way of sending promotional information, may, however, require a fairly long time (compared with other means of Internet communication) at the expense of time spent on preparation and mass distribution, especially in the case of sending personalized messages.

One of the oldest ways of advertising on the World Wide Web is placing information in the web directories. Storing data in the web-based information repositories (generic, thematic and “yellow pages” directories, classifications) is among the most popular advertising media through the action of which the target audience most often receives information about the desired goods or services.

By its structure a web directory is a theme cataloging, which uses a downward navigation hierarchy. The main sections of the catalog come first, then – the subsections, which in turn are divided into other subdivisions and so on. The entry process of information on the advertiser’s site into a web directory’s database is easy and free of charge (Levinson, 2003, p. 103) (the rare exceptions to this are highly specialized directories). As cons of the online directories could be named: limited amount of information on a company can be posted; a cluttered listing with flashing banners (depending on a directory) does not give a company a professional image; most directories provide an address that is too long and not suitable for marketing; and so on (Hassler, 2006, p. 1.4).

Typically the following information is submitted into web directories: the resource’s name and Internet address, contact details, contact name, a brief description of the site, a list of basic keywords and a password to edit (delete) registration. By the end of resource verification date the information is added to the web directory by the moderator / project manager (or not added if the requirements for placing information in the database are not met).

Another most effective way of promoting online resources is to register in search engines. These systems operate on the basis of a special program-robot, which looks at multiple sites on a regular basis and enters the information about them (keywords, description, etc.) into an index database. Then after some time the program browses through the sites again and, if the anew obtained information does not match the one that is already in the index, the robot updates its data.

When registering a website in a search engine it is required to enter only the resource’s name and URL address, and sometimes a contact e-mail. Next, the program-robot will do everything itself. However, the latter is possible only if the compound documents of the website contain the so-called “meta tags”, special instructions in the language HTML that

the program-robot browses in the first place. If such “tags” are omitted the robot inswaps the text at the top of a document’s page. This, however, does not guarantee that this text would be relevant to the organization’s activities. To improve a website’s presence on search engines should be applied search engine optimization, which encompasses various tasks that tie together meta tags, keywords, target audience and so on (Grappone & Couzin, 2011).

In addition, a firm can use the rating services to follow its business’s online popularity. Rating service is a service that provides a more or less (depending on the technical equipment of such service), detailed and reliable statistical information about the given resource. Many web directories these days, in addition to a simple registration in the database, enable site owners to submit their resources into a common or theme rating. To participate in the rating, one must fill out an application (similar to the registration form in the web directories) and receive an individual program code. By placing this code on the website in the form of a small banner, one can follow how many visitors the site gets per day, how many documents are requested, etc. By clicking on the banner image a more detailed statistics can be accessed: the number of visits over a specified period, the names of the documents requested, visitors’ geographic location, and more.

Another sort of advertising is electronic bulletin boards, newsgroups and forums, which are a space online where practically anyone can leave some information of introductory, invitational or advertising nature, etc. This type of network service is represented by a subject list put up for discussion, where anyone can add comments. Message boards and forums could be narrowly focused, for example, concerned with education in Russia only, and broad based, where different categories are listed.

Placement of the advertising information on bulletin boards and forums has many advantages over other means of online promotion. First, this service is free of charge. Secondly, the information can be added repeatedly: the vast number of modern bulletin boards and forums has no limits on users’ messages. In other words, one can place the same advertisement several times and in different categories.

The last kind of product and service promotion with the use of Internet technologies to examine is the promotion in social networks.

Common and even traditional information channels in public relations are mass media, such as television, radio, printed press, news agencies (Harris, 1998, p. 250), news feeds, and specialized thematic and other sites on the Internet (Reddi, 2009, p. 284). Social networks can rightly be considered as a new information channel because they are visited by a large number of users across the globe almost on daily basis (or with a high frequency ratio). For example, in Russia the number of social network visitors in March 2012 exceeded 250 million (LiveInternet, 2012b). Therefore, social networks have enormous potential as a channel for distribution of various information, including promotional and public relations materials.

On the Russian Internet (Runet) social network advertising so far exists only on the site Odnoklassniki. These advertising posts are presented in the form of banner ads at the top of the page, flash videos and advertisements. With regard to the web resource Odnoklassniki it can be concluded that the soft sell technique is used to supply the advertising information. Such positioning is dictated by the principle not to discourage the user from regular visits to the site.

Conversely, as a comparison, consider the social network website VK, on which there is no advertising as such. The only information that comes to users from outside, that is not from their friends, is the news from the site's administrator regarding the site itself.

Regarding the possibilities of social networks as information channels in PR, interested organizations (companies promoting their products and services) and individuals are just starting to use them for this purpose.

This is reflected in the creating of specialized groups, formed on the basis of some idea. The organizers of such group aim at drawing in more and more people (users), thus calling attention to the group's object and carrying out public relations activities. Engaging people in groups with public relations methods allows realizing the web resource VK.

On the websites, Odnoklassniki, VK, and Facebook are presented many millions of groups (Lynde, 2011), some of the same name as various companies; mainly such groups are satellites of an organization's website. Most of them are uninteresting and unattended, and therefore, ineffective.

Russian companies have already started to pay attention to Facebook and Twitter. Currently, among the Russian companies the most popular social networks are VK and

Odnoklassniki (LiveInternet, 2012b); nonetheless, Facebook and Twitter are rapidly entering the Russian market and changing it. The Odnoklassniki and VK social networks are popular because they were the first and have a large number of users, and Facebook and Twitter – because of the professionalism, convenience, and international influence. It is very likely that the future of advertising and PR in Russia, is primarily in Facebook, and in VK and Odnoklassniki if these social networks will keep up with Facebook.

The main advantage of social networks in promoting a company or a product is the size of the audience and the fact that some of the users reached the Internet recently through social networks, and have not lost yet their trust towards the Internet advertising.

Developing marketing strategies with new media tools primarily involves adaptation of successful western strategies and models. No need to reinvent the wheel by developing a strategy or tools from scratch when the world already has ready-made solutions. On the other hand, it is often impossible to solve specific problems in the local environment without innovation.

2.3 Analysis of factors determining the effectiveness of communications over the Internet

Any commercial advertising implies return on investment, therefore, assessing the effectiveness of advertising is one of the most important challenges facing the advertiser and advertising agency. It is performance evaluation, which makes it possible to determine how effective the impact of advertising has been, whether it has paid off the costs, which advertising medium has had a decisive influence, whether the advertising budget has been allocated correctly and how to improve the effectiveness of promotional activities.

Evaluating the effectiveness of the Internet advertising policy as a whole helps to determine the correctness of the chosen course in advertising policy, and the appropriateness of expenditures made on Internet advertising. To do this, the cost of online advertising is compared with the total result. In addition, results from advertising over the Internet are compared with the results achieved from investments in traditional advertising. However, difficulties may arise due to differences in methods of results calculation in the traditional forms of advertising and online advertising.

Evaluating the effectiveness of individual advertising media involved in the campaign gives an idea of the effectiveness of different forms of presentation of advertising over the Internet. For example, some researchers of online advertising note that the larger format sizes of ad units, which are naturally more visible to customers, prove to be significantly more effective than smaller ones (Dynamic Logic, 2001). When comparing the effectiveness of individual advertising media and advertising formats it is necessary to take into account both the characteristics of advertising and the content of advertising messages. It makes no sense to compare the efficacy of two advertising media, if the concepts of the advertising messages they carry are different. And, finally, the effectiveness of various creative approaches in the preparation of the advertising message, location, and type of ad space and so on, may also be assessed.

For each of these parameters are selected performance criteria. Some criteria may be the same for several or even all parameters, yet each of these measures has its own characteristics in the assessment of efficiency. For example, the success of the advertising policy on the Internet as a whole can be judged in terms of sales made through the Internet. By the same criterion, sales can be used in evaluating the effectiveness of individual marketing campaigns, advertising space, advertising media and promotional messages.

Depending on the goals and objectives of the marketing campaign as a criterion of its efficiency can serve a variety of metrics. Most advertisers try to measure the communication effect of an ad – that is, its potential effect on awareness, knowledge, or preference. They would also like to measure the ad's sales effect (Kotler & Keller, 2006, p. 583). Therefore, the goals of the marketing campaign can be divided into two groups: commercial and communicative.

In the case of sales (commercial) effectiveness the performance metrics of the advertising campaign include an actual increase in sales volume; increase in the number of new customers; increase in market share and so on.

The communication effects include an increase in brand, product or firm awareness and formation of favorable brand associations and so on.

Furthermore, there is the matter of the appropriate criterion for decision making regarding interactive advertising. Evaluation of advertising requires a criterion for

success. This criterion needs to be specific, measurable (quantitative), and bounded by time. It is also important that the criterion be reasonable in light of the current situation in the marketplace (Pavlou & Stewart, 2000).

As well as the goals, the effectiveness of advertising is divided into two components: communicative and economical effectiveness.

In evaluating the communication effectiveness determine the level of impact of advertising on consumers. Some researchers use the concept of “psychological effectiveness”. This paper considers advertising as a marketing communication channel to influence the consumer; therefore, we shall stick to the concept of “communicative effectiveness”. Communicative effectiveness determines the communicative impact of the advertising message on the target audience: what brand image has been formed, change in brand awareness (recall and recognition), how accurately the advertising message has been communicated, etc. (Van Riel & Fombrun, 2007, p. 7).

Economic effect is sometimes also called the sales effect (Kotler & Keller, 2006, p. 584). However, in this paper shall be used the concept of “economic effect” (Braithwaite, 1928) since it reflects better the impact of advertising on all the range of economic metrics, while the concept of “sales effect” can be interpreted as rather narrow – the advertising effectiveness in terms of profit. The economic effect involves an assessment of the economic feasibility of investments made. Economical effectiveness usually depends on the communication effectiveness, in other words, the level of sales depends on the psychological impact of advertising on consumers.

Typically, various commercial organizations set similar objectives and tasks for advertising companies, therefore, when evaluating the effectiveness, along with an assessment of the specific task performance the same set of metrics can be used.

A comprehensive method for evaluating the effectiveness of online advertising offered by the author is intended to review the more complete set of communication and economic performance metrics (see Table 1) and their relationship with the use of a single software tool for data collection. The method is based on identification of unique Internet users affected by advertising with the software tool, with subsequent fixation of all users’ movements and actions at the stage of interaction with advertising information.

Table 1. Metrics of online advertising effectiveness.

Group	Metric
Communicative	Number of hits (ad exposure) Number of unique hits (ad reach) Ad frequency (AF) Audience intersection Number of clicks Number of unique clicks Noted score Recall score Recognition score Number of unique users Number of visits Number of new users Geographical distribution of users Page impressions Number of actions Click path Clickthrough rate (CTR) Click frequency (CF) Site frequency (SF) View's depth Session's length
Economic	Cost of advertising Number of actions Number of clients Number of orders Number of sales Sales volume

	Cost per mille (CPM) – per thousand views
	Cost per thousand unique impressions (CPUI)
	Cost per click (CPC)
	Cost per unique click (CPUC)
	Cost per unique user (CPUU)
	Cost per visit (CPV)
	Cost per action (CPA)
	Cost per order (CPO)
	Cost per sale (CPS)
	Cost per customer (CPCr)
	Order frequency (OF)
	The average purchase amount
	The average number of sales per customer

Table 1 presents the more comprehensive set of economic and communicative metrics of online advertising effectiveness. These web analytics have proven their practical significance and are used in one form or another by various online agencies and advertisers in evaluating the online advertising effectiveness.

Evaluating the effectiveness at the stage when Internet consumers engage with advertising information. In the western marketing literature there is a widely known model, the so-called “AIDA concept”, which assumes that promotion propels consumers along the following four steps in the purchase-decision process: attention, interest, desire and action (Lamb et al., 2012, p. 418).

According to this model, the advertising message should attract the consumer’s attention, then create interest, desire to purchase and, ultimately, to provoke to buy goods. In the advertising message, all of these four elements should be well worked out; otherwise there will not be the desired effect.

Based on the AIDA model, we can distinguish the following stages of the interaction of Internet users with promotional information: impression of the advertising message, attracting attention, interest, website’s visit, action, repeated action.

At each of these stages, we select a single set of effectiveness metrics (see Table 2).

Table 2. Effectiveness metrics at the stages when internet users engage with advertising information.

Stage	Metric
Impression of the advertising message	Number of hits (ad exposure) Number of unique hits (ad reach) Audiences intersection Cost of advertising Ad frequency (AF) Cost per mille (CPM) Cost per thousand unique impressions (CPUI)
Attracting attention	Noted score Recall score Recognition score
Interest	Number of clicks Number of unique clicks Clickthrough rate (CTR) Click frequency (CF) Cost per click (CPC) Cost per unique click (CPUC)
Website's visit	Number of unique users Number of visits Site frequency (SF) Number of new users Geographical distribution of users Page impressions View's depth Click path

	Session's length Cost per unique user (CPUU) Cost per visit (CPV)
Action	Number of actions Number of orders Number of sales Sales volume The average purchase amount Number of clients The average number of sales per customer Cost per action (CPA) Cost per order (CPO) Cost per sale (CPS) Cost per customer (CPCr) Order frequency (OF)
Repeated action	The number of repeat visits and actions

Table 2 shows the system of economic and communicative effectiveness, depending on the process stage of communication between advertisers and Internet users. Through this system of metrics we can wholistically evaluate the effectiveness of advertising exposure. The value of each metric and its characteristics is presented in the next section.

1. **Impression of the advertising message.** The first step is to display the advertisement to the user (impression). Under impression (displaying) should be understood the advertisement download by the browser, implying that the Internet user can see it. It should be mentioned that the displaying is determined by technical means. The ad can be displayed to the user any number of times depending on how often he or she visits the sites where the ad is located.

- **Number of hits.** The ad impression (display) is understood as an advertisement upload on an advertising site's webpage when it is visited by an Internet user. Displaying does not mean that the user will see the advertisement as it can be placed anywhere on the web page. Displaying means that the promotional material has been downloaded on the webpage visited by an Internet user, and he or she might see it (ad exposure).
- **The number of unique hits** is the number of hits minus the reruns by the same Internet user. The number of unique hits gives an idea of the size of Internet audience that has seen the ad (ad reach).
- **Audience intersection.** Of particular interest may be the audience intersection of the advertising sites, in other words, what proportion of users saw the same ad on several sites.
- **The cost of advertising** can be defined as the amount of money paid by advertisers for placing their ads. When assigning the cost of advertising the owners of advertising spaces typically set the price based on certain models: the cost per thousand impressions (CPM), cost per click (CPC), display period. In practice, there are other models that are based on, for instance, the cost per unique clicks (CPUC), the number of specific actions on the part of Internet users (the model of "payment for results").
- **The ad frequency** shows the average number of hits of promotional materials by the unique user for a certain period of time. The ad frequency is calculated by the formula:

$$AF = \frac{I}{UI}$$

where AF – ad frequency;

I – number of hits;

UI – number of unique hits.

- **The CPM index** is the cost of thousands of hits. Advertising sites use CPM as one of the main models of pricing the advertisements. This metric can be

compared with the CPT index used in traditional marketing, which indicates the cost per thousand contacts with audiences. CPT Reach index is a modification of the CPT – the cost per thousand unique visitors, which in terms of Internet advertising is comparable to CPUI.

On its own the CPM index does not matter much as it should be considered in the corresponding context: advertising medium, type of advertising site, audience characteristics, advertising site's location, etc. If buying clicks, not impressions, the CPM metric will vary depending on the level of response (CTR) to advertisements. CPM is calculated as follows:

$$CPM = \frac{C}{I} * 1000$$

where *CPM* – cost per thousand views;

C – cost of advertising;

I – number of hits.

- **The CPUI index** is the cost per thousand of unique hits. It characterizes the advertising costs to reach one thousand unique Internet users. CPUI can vary greatly depending on the ad frequency. The higher frequency, the more expensive is each unique contact; the lower frequency – the less expensive. This metric is still little used by researchers in the field of online advertising. Calculated as follows:

$$CPUI = \frac{C}{UI} * 1000$$

where *CPUI* – cost per thousands of unique hits;

C – cost of advertising;

UI – number of unique hits.

2. **Attracting attention.** The advertising message should be made and placed in such a way as to attract the attention of the Internet users; otherwise, it will not have the proper advertising impact. The users, who were exposed to the advertisement may:

- set no store by it a or not notice the ad at all;
- retain the ad and develop awareness for it for some time;
- respond to it (as a rule, click on the ad and be redirected to the advertiser's site, e.g. to get more detailed information, to enter a competition, fill out an application, make a purchase, etc.).

If the user has not performed any act, and just passively viewed the ad, this is not to say that advertising expenses were wasted. The user might retain the advertising message and act later (delayed response advertising) (O'Guinn, Allen, & Semenik, 2012, p. 33).

At this stage, and the next stage ("interest"), to evaluate the effectiveness it is necessary to conduct consumer surveys out on the subjects of:

- *Ad being noticed* (the viewer remembers to have seen the ad if the product is mentioned the conversation);
- *Recall* (viewers ability to remember and retell the specific marketing messages to which they were exposed);
- *Recognition* (viewers ability to recognize the message when they see or hear it again, even if they can't recite it from memory) (Solomon, Cornell, & Nizan, 2009, p. 238).

3. **Interest.** As mentioned earlier, if the advertising message rouses user's interest then he or she may go directly to the advertiser's website by clicking the ad or may remember well the advertising message and later perform actions favorable to the advertiser. The effectiveness of advertising impact at this stage is measured by means of surveys and effectiveness metrics that are unique to web advertising:

- **Number of clicks.** In online advertising, a click refers to the Internet user click on an ad banner or other advertising medium in order to be redirected to the advertised resource.

When evaluating the number of clicks it is necessary to consider two things:

- Any Internet user can click on certain promotional material as many times.
 - Quite often the advertisements are clicked on not by Internet users but by program-robots of search engines. They automatically activate hyperlinks in the process of site indexing. The share of such clicks may make up a considerable amount and it is highly dependent on how a certain display system is able to clean the statistics from such clicks.
- **The number of unique clicks** is the number of clicks excluding the repeated clicks from same users. Each user in the period of the marketing campaign might get interested in the advertising message and go to the advertiser's site as many times. Therefore, in order to get an idea of the size of the interested audiences, it is necessary to consider the number of unique clicks.
- **The CTR index** (click through ratio) is percentage of the number of clicks to impressions. This metric is used as a key indicator of the online advertising effectiveness.

With the right presentation of advertising message CTR can characterize the interest level of visitors of a specific site in a particular commodity, but cannot characterize visitors' financial means, let alone ensure that a certain percentage of the attracted audience will make a purchase. Calculated as follows:

$$CTR = \frac{K}{I} * 100\%$$

where *CTR* – click through ratio

K – number of clicks;

I – number of hits.

- **The click frequency** is the ratio of the number of clicks to the number of unique clicks. The click frequency determines the average number of clicks made by every user on the advertising messages. This metric is almost never

applied. The high click frequency may indicate that the advertiser's site attracts one and the same audience. However, it should be also remembered that at a higher contact frequency of the same users, recall score of information about a product or a company may be higher. Calculated as follows:

$$CF = \frac{K}{UK},$$

where CF – clicks frequency;

K – number of clicks;

UK – number of unique clicks.

- **The CPC index** (cost per click) is the average cost per click. The CPC index reflects money costs per click. Some advertising sites use CPC as a pricing model. Often this analytic is put forth as one of the main economic metrics of advertising effectiveness. Calculated as follows:

$$CPC = \frac{C}{K},$$

where CPC – average cost per click;

C – cost of advertising;

K – number of clicks.

- **The CPUC index** (cost per unique click) is the average cost per unique clique. This metric is almost never used; nevertheless, it characterizes the average cost of each Internet user interested in the advertising message, which may be important in evaluating the economic effectiveness of advertising. Calculated as follows:

$$CPUC = \frac{C}{UK},$$

where $CPUC$ – average cost per unique click;

C – cost of advertising;

UK – number of unique clicks.

4. **Website's visit.** A website is one of the most important elements of the effectiveness of advertising impact. The effectiveness of Internet advertising is largely dependent on whether an Internet user can easily find all the information needed to make decisions about goods purchasing or any other action favorable for the advertiser. Key metrics at this stage are:

- **The number of unique users** is the number of unique Internet visitors to the site for a certain period of time. Each unique user can visit the site any number of times. In other words it is the size of audience attracted.

Of great interest may be comparing the size of the audience, who visited the advertiser's site prior to the promotional activities, and the size of the audience that was attracted directly by the advertisement. This comparison can give an answer to the question whether a new audience has been attracted through advertising.

- **The number of visits** is the number of sessions made by users visiting the website: from the moment of entry to the moment of exit. Each user can visit the site any number of times.

Ideally, a single click should lead to one session, but some users for various reasons, after clicking do not get onto the site. Also should be noted that some users may not click on the advertising message but remember it instead and then find the site themselves. Thus, part of the visits would be provided by users referred by an advertising message, the other part – by means of users, who remembered the ad and have found the site themselves. It makes sense to consider either group of user individually.

- **The site frequency** is the ratio of the number of visits to the number of unique users. In other words, it is the average number of times users come to the site for a certain period of time. The site frequency can characterize users' interest in the product. Calculated as follows:

$$SF = \frac{V}{UU},$$

where SF – site frequency;

V – number of visits;

UU – number of unique users.

- **The number of new users.** Normally, it is important for advertisers to attract a new audience. Therefore, it is relevant, as previously noted, to compare the newly attracted audience with the audience, who has been visiting the site before the campaign start.
- **The geographical distribution of users.** Data on the geographical location of users, who have come to the site, is often among the most important components in evaluating the effectiveness of Internet advertising. For example, if the sales points of an advertised product are located only in Moscow, the advertiser will be primarily interested in the share of the Moscow audience.

It is necessary to consider the data on geographical distribution, as well, at the other stages of user engaging with advertising information, e.g. the number of hits to the audience exposed to the advertising; clicks, sessions, visitors who have come through advertising; actions (customers, orders, requests, registrations, etc.). After analyzing all this information we can draw conclusions about the most attractive region for subsequent campaigns.

- **The page impressions** are the total number of page displays to the Internet users. This number is to be taken into account, including repeated displays. Each user in a single visit can view any number of pages.
- **The view's depth** is determined by the number of page impressions per user per visit. The large view depth may reflect the interest of Internet users. Calculated as follows:

$$GP = \frac{PI}{V},$$

where GP – view's depth;

PI – page impressions;

V – number of visits.

- **Click path.** Equally important for evaluating the effectiveness of online advertising and planning for new advertising campaigns can be analysis of the Internet users' main paths through the site. Through such analysis we can draw conclusions about the Internet users' main interests, behavioral characteristics, ease of site navigation, etc.
- **The session's length** is determined by the amount of time spent by a user on the advertiser's site in one visit. The more time a user spends on the site, the more, theoretically, he or she is interested. Yet, on the other hand, it may indicate difficulty in navigating the site (the user cannot quickly find the necessary information, and therefore, is forced to spend more time). Therefore, this metric should be considered taking into account site's orientation, objectives, ease of navigation, etc.
- **The CPUU index** is the cost per unique visitor (user). This metric shows the cost of bringing one unique user to the site. Calculated as follows:

$$CPUU = \frac{C}{UU},$$

where $CPUU$ – cost per unique user;

C – cost of advertising;

UU – number of unique users.

- **CPV** is the cost per visit. Calculated as follows:

$$CPV = \frac{C}{V},$$

where CPV – cost per visit;

C – cost of advertising;

V – number of visits.

5. **Action.** After becoming acquainted with the site a user may want to take an action, e.g. call the company to clarify any information or to order the goods; come to the point of sale of goods, etc. After browsing through the site a user might want to, e.g. send a message over the Internet to clarify any information; register on the site to participate in any promotions or for other purposes; take part in voting; place an order, etc.

All user actions in the Internet environment can be easily recorded. Difficulties may arise when recording actions of Internet users who have addressed the firm by traditional means (phoned, arrived at the point of sale, etc.). Such consumers can be identified by means of: survey (at the end of a conversation with the customer is clarified how the information about the company or the product was obtained); providing coupons (Internet user is offered to print out a coupon, e.g. for a discount and present it at the point of sale). Effectiveness metrics at this stage are:

- **Number of actions.** The advertiser determines what is meant by “action” and based on that, counts the number of actions.
- **The number of orders** is one of the main characteristics of the effectiveness of advertising campaigns. It is counted in the course of the campaign, and during a defined period of time after its completion. As some consumers subsequently waive their orders, it is advisable to take into consideration the total number of orders and the number of paid orders, that is, the number of sales.
- **Number of sales.** The advertiser, as a rule, is primarily interested in the number of paid orders, that is, the amount of cash received.
- **Sales volume.** Typically, it is the volume of sales that is one of the main characteristics when evaluating the economic effectiveness of advertising.
- **The average purchase amount** is defined as the ratio of the sum of paid orders to their count. It is advisable to compare this analytic with the average advertising costs for every paid order (CPS).

$$\bar{S} = \frac{N}{S},$$

where \bar{S} – average purchase amount;

N – sales volume;

S – number of sales.

- **Number of clients.** Advertiser may be interested in the number of clients who made orders under the influence of advertising. Must be borne in mind that clients can be both, consumers that have place orders before, and consumers that have never bought the goods from a particular firm. Thus, the number of new clients should be highlighted.
- **The average number of sales per customer** shows how often clients attracted by an advertisement make a purchase. It is calculated as the ratio of the number of paid orders to the number of clients:

$$\bar{O} = \frac{O}{Cr},$$

where \bar{O} – average amount of purchase;

O – number of paid orders;

Cr – number of customers.

- **Cost per action (CPA).** In calculating this metric an advertiser defines what is meant by “action”. It is the average cost per action, which is calculated as the ratio of advertising cost to the number of specific actions (e.g. completed questionnaires, orders, etc.):

$$CPA = \frac{C}{A},$$

where CPA – average cost per action

C – cost of advertising;

A – number of actions.

- **The cost per order (CPO)** is the average cost per order. When calculating this metric should be taken into account the total number of orders, not the number of paid orders. Calculated as the ratio of the cost of advertising to the number of orders:

$$CPO = \frac{C}{O},$$

where *CPO* – average cost per order;

C – cost of advertising;

O – number of orders.

- **The cost per sale (CPS)** is the average cost per sale. Calculated as follows:

$$CPS = \frac{C}{S},$$

where *CPS* – average cost per sale;

C – cost of advertising;

S – number of sales.

By the number of sales is meant the number of paid orders.

- **The cost per customer (CPCr)** is the average cost of getting one buyer. Calculated as follows:

$$CPCr = \frac{C}{Cr},$$

where *CPCr* – average cost per customer;

C – cost of advertising;

Cr – number of customers.

- **The order frequency (OF)** is the ratio of the number of orders made to the number of clients for a certain period of time. Calculated as follows:

$$OF = \frac{O}{Cr},$$

where *OF* – order frequency;

O – number of orders;

Cr – number of customers.

6. **Repeated action.** Internet users can re-visit a website, reorder a product, etc.

Repeat steps must be taken into account in order to have a more complete picture of the effectiveness of advertising. However, should be kept in mind that repeated actions are also the result of a consumer's positive first experience.

Effectiveness metrics used to measure repeated actions are the same as in the previous two stages. At this stage, it is first necessary to determine the period during which the repeated actions by Internet users will be recorded.

The proposed comprehensive method for evaluating the effectiveness of Internet advertising can be applied at any level: assessment of the effectiveness of advertising policies, individual marketing campaigns and promotional elements.

When comparing the effectiveness of various advertising spaces and advertising elements involved in a campaign, it is necessary to rely on quantitative data as well as on qualitative. Qualitative data provides the necessary context for a more objective interpretation of quantitative data.

When using complex methods of evaluating the effectiveness of online advertising it is necessary to apply a single tool for data collection. Otherwise, it would not be possible to separate the audience attracted by advertising from the regular audience of the advertiser's website.

A centralized system for advertising can be used as a single tool. Such systems are typically used by large advertising agencies. They allow advertising and monitoring marketing campaigns simultaneously on many different websites that use both their own advertising system and the ones integrated with the centralized system. Such systems can provide complete statistics on the reach of the audience, its intersection in between different advertising spaces and its visits to the advertiser's website. With a single database there are no problems with discrepancies in the statistics. If such a system is integrated with the website traffic counter, then it is possible to obtain information about movement and actions of the advertiser's website users, who were redirected from specific advertising sites or advertisements.

Some advertising systems are able to combine the services to advertisers, advertising agencies and website owners, thereby combining the systems' abilities for advertising on the web, selling ads and managing centrally.

Next, fully considered will be the matters of organizing resource provision for online agencies and companies-advertisers that carry on independent promotional activities through the Internet. To the present day, the process of selecting suppliers of advertising space and time has been carried out mostly spontaneously.

Therefore, one of the objectives of this study is to develop methodologies for evaluating and selecting suppliers with account for the proposed techniques of constructing a system for promotion and classification of resource categories.

2.4 Development of methodology for selecting resource suppliers in the promotion system with the use of the Internet

Improving the effectiveness of advertising campaigns using the Internet resources depends on the effectiveness of marketing interactions with suppliers, customers, and other groups of partners in the process of advertising. One of the major internal functions that influence the effectiveness of promotion and advertising through the Internet is to buy advertising space and time. This function is important both, in the case when a firm tries to carry out an advertising campaign on its own and when aims to engage specialized advertising agencies.

To ensure tenable competitive positions an Internet agency, as a service-type business, in the first place should raise the level of internal organization. Services that are the means of meeting consumers' needs and wants, in this case, are the product of a company's internal operations. That said a company's administrative function becomes of great importance to quality customer service. This function, inter alia, reduces itself to an effective supply to its agency of advertising space and time. Typically, the given function within an Internet agency is implemented by the media or media-buying department, which deals with web placement of client's advertising materials.

The main purpose of an agency's media department comes down to customers' wants and needs satisfaction, which requires the availability of the respective resources (e.g. advertising space and time). Comparison of the procurement logistics activities and

functions of the media department of an online resource-supplying agency showed a significant similarity in their implementation. It led to the conclusion that many of the techniques and methods used in procurement logistics can be applied at an advertising agency, as well, e.g. in dealing with suppliers of information resources. According to Kappauf, Lauterbach and Koch (2011), “procurement logistics is a segment of logistics spanning business processes from goods procurement to the transport of materials to a production site or receiving storage location” (p. 59).

Of no small importance among various functions of the media department is the function of supplier evaluation and selection. To develop a methodology for subsequent supplier evaluation and selection it should be referred to the previously identified features and principles of product and service promotion through the Internet, which influence the process of the determination of the best source of supply of advertising space and time.

By analogy with the procurement logistics activities, realization of the function of supplier evaluation and selection is proposed to carry out in the following directions: receiving tenders for the supply of resources and the supplier evaluation and selection per se (Kappauf et al., 2011, p. 68).

1. **Receiving and evaluating tenders for the supply of resources.** First of all, a company or an agency independently monitors the emergence of new advertising spaces. The result of this agency’s activity, as a rule, is represented in sustaining relevance of the advertising and partner database. Often information comes from the ad space owners themselves. Therefore, we can distinguish three directions to obtain information about suppliers: information scan to identify potential new sources of ad space supply; tracking changes to the current suppliers of ad space; reviewing new bids (tenders) from potential and existing suppliers.
2. **Supplier evaluation and selection.** It is proposed to perform the complete supplier evaluation and selection in the following directions (where it is not required to carry out the comprehensive assessment in all these directions

sequentially. The set depends on the types of tasks and assessment criteria, as well as on the characteristics of the evaluated suppliers).

- **Initial general screening of the potential supplier.** In the first stage of interaction with a new potential partner-supplier it is necessary to carry out an initial overall assessment of supplier's resources for their possible usage in own activities (in this case, supplier's advertising space). As a basis for identifying the most important criteria of advertising sites' quality could be used, for example, materials of the project Webrating (<http://webrating.ru/>) – advertising sites' directory.

In the case of positive answers to all inquiries (satisfying the criteria), a company (advertising space) is recorded among the agency's potential partners.

- **Strategic partner selection.** The process of selecting partners in the distribution channel can be divided into three stages: determination of accessibility of the channel members, potential suppliers' initial evaluation, and detailed review of the members.

- *Determination of accessibility of the channel members.* To learn about the potential suppliers, one can refer to advertisements, e.g. in specialized trade publications, to information at trade fairs and exhibitions or to recommendations of non-competing enterprises, customers and other stakeholders. But even if you hear of a supplier's existence, it does not mean that it is accessible for the business. Some suppliers have special requirements for business partners, while others are not comply with specific requirements and so on.
- *Potential suppliers' initial evaluation.* For the initial assessment, can be used a questionnaire. This questionnaire is given to potential suppliers, which is later filled out by them and returned. Such method helps to obtain quickly the most important information about each supplier. Questionnaire may include, for

example, the following: technical compliance and capability, the number of technical staff, the supplier's credit rating and financial position (Coyle, Langley, Gibson, Novack, & Bardi, 2009, p. 572).

To further test the suitability of the supplier should be conducted an interview. Previous stage of the initial evaluation can serve as a basis for the interview, from which a company may obtain additional information about the offered resources, served markets and its technical staff. Key questions are the supplier's size, its growth prospects, technical equipment, policies, its customers, managers, marketing and promotion opportunities, and the possibility of providing specialized services.

After interviewing the company should carry out a control test of potential suppliers, using a developed rating system. Such rating system includes questions, the answer to which involves a certain amount of points. These points in total would give a characteristic to each of the potential suppliers. The company shall determine the minimum passing score. For example, after scoring the potential suppliers can be divided into the following groups:

Group I (80-100% of total score) – must contact these suppliers before competitors do;

Group II (60-80% of total score) – good companies that with a small effort can get into the first group;

Group III (50-60% of total score) – check these companies' plans for further growth, as some of them may be ready to move to the higher groups;

Group IV (below 50% of total score) – keep searching and do not forget that there are many suppliers, of which you can choose the better ones.

Detailed review of the potential suppliers. In contrast to earlier stages, the detailed analysis focuses on several key criteria. These

areas should be considered in most detail: the supplier's expenses at different levels of sales and its ability to influence the sales.

A company must assess the level of costs when using a particular supplier and to compare this level with the costs of other vendors. In assessing the impact on sales should be considered: coverage of a certain area of interest, the advertisement of additional (complementary) products and the overall level of sales in specific target markets (Grankina, 2003).

One of the important decisions to be taken basically is identifying the main way of implementing the project and its immediate executors. Two main options are either to expand own staff and hire appropriate experts or seek the services of third parties.

The positive features of the first option are the maximum control over all processes of implementation, maintenance and further development of the website, possibly lower cost, as well. At the same time, it should be noted that to achieve success it is essential for the executors and project managers to possess relevant skills in the field of modern information technology. As there is a high risk of creating a product that does not meet company's needs, taking more time to create the final product than if the second option was applied, etc.

A more simple and reliable way is to engage a company specializing in the implementation of such projects. If to speak of a web-site creation per se, at the present time in the Russian Internet sector there are several dozen professional studios of various levels, as well as hundreds of web designers who can professionally meet the challenges of this kind.

One of the main criteria when selecting a studio should be the analysis of its previous works. The agency's concept of the proposed site's implementation is also important. Professional developers should not be limited to a blind adherence to the customer's instructions when generating technical specifications and subsequently implementing the server. Studio's experience and expertise ought to substantially adjust and expand the preliminary concept created by a customer. The project cost and timeline are also critical.

Any use of the Internet is provided by specialized companies called Internet Service Providers, or ISPs. Among the services they provide are access to the Internet via dial-up telephone lines, leased lines and digital communication channels; registration of a domain name of the client's server; leasing of space to host a website; support and administration of servers, located on the rented space.

In addition to these basic services, providers may offer some additional ones, such as advice on web-design, server registration in the major search engines and web directories, etc.

Selection of a service provider is a responsible decision; therefore, besides the information about the price levels for the services it is necessary to obtain as much information about the provider itself. This can be a challenge, which should be met, in order to ensure quality and reliable operation of the server and to protect the company from changing the supplier.

When selecting the most appropriate provider one should consider the following questions:

- What channels of the Internet communication the provider has;
- What equipment and software the supplier uses;
- Whether operational reliability of the web-server is sufficient;
- Whether the level of data protection is sufficient;
- Whether it is possible to obtain the statistical information.

There are three options for placing the web server: one the ISP's web-server (the most economical option), on the company's own server but at supplier's location and, finally, on the company's own server located within the company (the most expensive option, which requires a significant investment for the purchase of servers, software, administration fees, etc.) The main reasons for choosing the third option could be high number of visitors, the need for access to the server software, the need for direct data access and others. The second option is the intermediate one when the web server is located at the provider's which allows saving on the cost of leased communication lines and administration.

In conclusion can be said that the Internet is becoming an advertising environment, by means of which companies promote their products to markets. At present, almost every activity, even a little, appears on the Web. There is a large number of advertising spaces, thematic portals and other resources with which a user finds the necessary information. Thus, the Internet has become a fully functional advertising tool, with its specific characteristics and ability to compete with offline forms of advertising. Yet, it does not require large financial expenditures. A constant growth of the Internet audience and the emergence of new, more effective advertising media, respectively, lead to an increase in online advertising market.

Internet advertising can be divided into website promotion in search engines, banner ads, e-mail, contextual (pay per click) advertising and promotion on social networks.

Unlike PPC advertising, banner ads appeared on the Internet much earlier, but surrendered their positions for a variety of reasons. First of all, banner advertising did not have such opportunities for targeting as contextual advertising. Second, different sites required different sizes of banners. Third, over time, users instinctively stopped paying attention to all the graphic animations on the websites, and some of them even installed special programs excluding display banners.

In addition, it should be pointed out that, when managing advertising Internet agencies and companies-advertisers themselves, one of the essential tasks is the selection of suppliers of advertising space and time.

3 Features of product and service promotion in social networks

3.1 Characteristics of the main social networks

A social network is an interactive multi-site, the content of which is filled with its visitors, with the ability to specify any information about an individual, based on which other members of the network will be able to find the user's account (page).

Social Network is a social structure consisting of nodes' groups, which are social groups and individuals. One of the common features of social networking is a system of "friends" and "groups".

Social networking makes it easy to create a personal profile and virtual relationships. Social networks are used to find people with similar interests and objects of these interests. In social networks is commonly used people's classification, the practice of collaborative information categorization.

Popular social networks in Russia are VK, Odnoklassniki, Moy Mir (<http://my.mail.ru/>), Facebook, Twitter and Habrahabr (<http://habrahabr.ru/>). In 2010 these six social networks covered 80% of all audience of Russian-speaking Internet users (Chernec, Bazlova, & Ivanova, 2010, p. 29).

VK. According to the web information company Alexa (2012c), VK is the most popular social network in Russia and the Commonwealth of Independent States. Originally VK was a copy (clone) of Facebook but gradually became an independent resource. The user audience is mainly composed of very young people, which largely determines the direction of the content. This network features a huge number of different audio and video files, usually of low quality, which are often placed in violation of copyright. To the unpleasant features of this network should be included poorly controlled placement of pornographic content, watched by a large number of children and adolescents, as well as a large amount of spam mass mailings, fakes and bots (the program automatically performing actions on the computer instead of people). Of particular note are the positive aspects of the successful use of games and applications on the basis of the API service, non-intrusive monetization, a moderate amount of advertising on the site

(which is mainly represented in the applications) and initially easy search by various parameters.

Odnoklassniki. If VK is the most visited social network of the Runet in which people spend the most time, then Odnoklassniki, according to RankingTheBrands.com (2010), is a social network that is the most recognizable and most popular in terms of branding.

On the one hand, VK and Odnoklassniki are direct competitors, on the other – there is a certain distribution of the audience between these two giants by age groups. VK audience is young people, Odnoklassniki – older people. By dividing the market in such way VK and Odnoklassniki have covered most of the Russian-speaking Internet space.

The huge popularity of the network Odnoklassniki is provided by the free, fast and convenient communication and involvement of the Russian-speaking (and not only) users in a virtual life, with daily visits to the resource. Initially the network met and continues to meet the need of uniting of classmates and fellow soldiers as the resource's name Odnoklassniki (Eng. Classmates) suggests.

And this is not the only form of communication in the social network. Various groups have become “circles of interest” for every taste and color. They have led and lead to new friendships and contacts in the areas of professional activities and hobbies of millions of people.

Moy Mir. This is a place where old friends get together, where one can make many new friends, be aware of what happens to them, watch their new photos and videos, read blogs, answer questions and write in the guest book, search for classmates and former colleagues. Moy Mir and Odnoklassniki are the direct competitors in terms of the target group. Moy Mir uses three tools: Mail.ru (<http://mail.ru/>) (according to Alexa (2012a), the largest free e-mail service of the Runet) search engine and its other services takes the visitor to the social network Moy Mir; exhibits a maximum loyalty to the users; and actively uses e-mail addresses of the users for various notifications. It is convenient for the users of this network to switch to other Mail.ru services, e.g. video.

Facebook is the number one social network in the world, founded by Mark Zuckerberg at the beginning of 2004 for Harvard students. Later Facebook received worldwide popularity amongst various social groups. According to Facebook's statistics (2012), at the end of March 2012 it had 901 million active members. Social network

Facebook has a Russian and Ukrainian versions of the site containing free services, games, groups, ability to communicate with friends and share photos. World-class celebrities and various commercial entities have Facebook accounts.

Twitter. The original service, characterized by the speed of news diffusion, was founded in 2006. For its growth and development Twitter used acquisitions, in particular with the search engine Summize (Turnbull, 2008). Twitter has entered into agreements for the indexing their records with Microsoft, Google and Yahoo!, thus, providing it a presence in major search engines.

Twitter users are mainly interested in such types of news, as sports, politics, finance, religion and restaurants, are enthusiastic about pop culture, music, film, television and reading. They often buy e-books, movies, shoes and cosmetics. Twitter users more than users of other social networks, use Twitter to promote blogs and are often part-time employed (Chernec et al., 2010, p. 33).

Habrahabr is a specialized social network for IT-market and the Internet economy experts. Here are gathering programmers, journalists, advertisers, web designers, analysts, copywriters, owners and managers of IT-companies. The site contains group and personal blogs, personal audio and video files, multimedia, IT-news, interviews, trends and developments. Furthermore, the users are given the opportunity to participate in various polls, post photos and images, find new friends and look for work.

For most Internet users, visiting social networks became the norm, habit and routine. They looking for each other, expand business contacts, learn, communicate, share information on personal and business topics, and share their experience in social networks, which with every day more and more inherently get into all areas of social life.

Social network's participants regularly visit the networks not only to socialize with friends, but also to visit the groups of interests. Some group members generate the content and others come into the social network to read this content.

Administrator, as the owner of the social network, is not the author of the content, but they both provide the conditions for its creation. The authors are the group members and their leader and manager is the administrator. The owner of the network

provides a space for the content globally and groups' administrator – locally. Therewith, the owner of the network receives all the income from advertising and users.

The owner, who does not share the profits with the groups' administrators, but only uses their volunteer management and leadership skills, is provoking them to seek other ways of earnings. If the owner of the network thwarts the possibility of earning elsewhere, he or she ultimately will lose the best free-lance leaders and managers, which would lead to a weakening of the social networks.

3.2 Features of the social network VK

Social network VK, which appeared second after the site Odnoklassniki, is an Internet resource designed to search for friends, classmates, neighbors and colleagues in order to stay with them in constant contact. Even though it started as the second, the site consistently pulls ahead.

VK (2012) describes itself as “a networking project that helps people express their opinions and find an audience”. VK offers its users the opportunity to share information in a similar way as they do in real life. If the information about your friends in your address book may become outdated, the information posted on this site will always be relevant, since the users do its update. Anyone with a valid e-mail address or a phone number can become a member and get an opportunity to always be aware of everything what is happening to his or her friends and the friends will stay in contact. The number of the resource's users is currently over 110 million people and 70% of them live in Russia (VK, 2012). According to Alexa (2012c), VK is the fifth most visited site in Russia.

The resource VK created by Paul Durov was for a long time in planning stage. It started partially operating in October 2006. Now the site is going through the stage of active development and the influx of new users.

The registration procedure is quite simple. All is needed is to create a profile with personal user data (from phone to music preferences) and then the information posted by the user will be available, if desired, to his or her friends. By indicating in the application form hobbies and activities, a user can easily find like-minded people and in such way the circle of the acquaintances will grow – not only online but in real life too.

After registration, the data is displayed on the user's page to the extent that the user has defined. There are privacy settings for various information, which in reality means a closed access to some information, which is open only to people identified as friends in the user personal page.

With this resource, one can make new acquaintances, search for friends by interest and join various groups or create own groups, send messages to friends and colleagues, to leave notes and upload photos. The search people function allows searching people in the advanced mode, that takes into account many characteristics of the sought after person. It is also possible to search for information on groups that are created on the resource. The information is constantly updated as the new groups form.

Interface of the VK user personal page looks may have the following information:

- status (any information that the user wants to specify),
- general information (sex, marital status, birth date, hometown, political views and religious beliefs),
- contact (phone numbers, e-mail, postal address),
- personal information (activities, interests, favorite music, movies, TV shows, books, quotes),
- education,
- career (place of work),
- places (all establishments that are interesting to the user, e.g. sports club, beauty salon),
- wall (the space for expression of user's friends and the user in form of text and graphic information),
- groups (the groups, members of which the user becomes),
- notes (any text information left by the user),
- friends (in this section is shown all the user's friends),
- friends online (the user can see all the friends that are currently on the site),
- edit page,

- photographs and videos with the user (tagged by the user and others),
- my news (information about updates to various friends' sections).

Page of another VK user is identical to the user's page. The difference is that one user cannot edit the page of the other. When visiting another user's page, one can:

- write a message,
- add a user to the friends' list,
- see friends in common,
- view the other user's photos and video (tagged by the user and other members),
- listen to the other user's audio files,
- view all open and available data if the user is a "friend",
- view the user's friends' list and friends of friends' list,
- view the groups which the user belongs to,
- view the messages on the user's wall.

VK allows its users to be in active interaction with other people under the conditions of total time deficit and sometimes while at work. It is worth noting a tendency to ban the use of social networks in a workplace because of their great popularity, which in a management's opinion represents a threat to the productivity of a company's employees.

3.3 The application and implementation of product and service promotion methods in the social network VK

In this section aspects of promotion of an online store Ochkoff.net (<http://ochkoff.net/>) will be considered. The online store began its operations in June 2007. It is registered as a limited liability company Ochkoff.net and headed by the director S. Ivanov. This is a specialty store selling contact lenses and related accessories.

This is a family-type micro-enterprise with the personnel consisting of a director and sales manager. The director's functions also include the responsibilities for transporting ordered goods from the supplier's warehouse to the customers.

The main activities of this online store are selling contact lenses and related accessories, as well as advising on choosing the lenses and accessories. The main supplier is Optics-Yekaterinburg, LLC located in the city of Yekaterinburg. The company currently carries out retail sale of goods. However, there are plans to enter the wholesale market.

The company operating schedule is seven days a week from 8:30 a.m. to 9 p.m. on weekdays and from 11 a.m. to 6 p.m. on weekends, without days off and holidays. Delivery of goods is made on the next day after receiving the order on weekdays from 10 a.m. to 10 pm,

Terms of delivery are shipping is free for orders from 750 rubles. In other cases the shipping cost is 150 rubles. Upon delivery to Yekaterinburg's remote areas and satellite towns the shipping is free for orders from 1,500 rubles, in other cases – 150 rubles. If the delivery is on a Sunday or a holiday, then the shipping cost is paid in addition to the amount of one hundred rubles.

In Yekaterinburg, there are dozens of online stores selling contact lenses; therefore, the competition in this market is high. In the case of query "online store contact of lenses Yekaterinburg" in the search engine Yandex (<http://www.yandex.ru/>) puts the online shop Ochkoff.net on fourth place, and Google – second.

The analysis of assortment reveals the shortcomings in the range of goods offered for sale, as well as determines which goods items benefit the entrepreneur.

Currently, on the Russian market are represented the following manufacturers of contact lenses and related accessories:

- Bausch & Lomb – a manufacturer of lenses, solutions and drops for comfortable lens wear (U.S.);
- Johnson & Johnson Acuvue® – a producer of soft contact lenses;
- Alcon – an American manufacturer of solutions for storing lenses, containers and ophthalmic-surgical lenses;

- Ciba Vision – a manufacturer of soft contact lens, care products, ophthalmic medications (is a division of the Swiss group Novartis);
- Cl-Tinters – a Finnish company manufacturing cosmetic lenses, part of CooperVision, which designs and manufactures a wide range of contact lenses and care products;
- Nissel – a British company producing lenses (is not widespread on the Russian market);
- Ocular Sciences – an American company for the production of soft contact lenses. A distinctive feature of the firm is to produce its products in regional markets under private labels (e.g., Russian brand HighTime);
- OKVision™ – a unified brand for the production of contact lenses and care products;
- Sauflon – a British manufacturer of the unique multi-purpose solution for soft contact lenses, a variety of care products and accessories;
- Sshalcon – an Italian manufacturer of lenses, lens solutions and accessories;
- WESLEY JESSEN – a manufacturer of colored hard and soft lenses. In 2001 the company merged with the manufacturer of contact lenses CibaVision;
- Concor – a Russian manufacturer of hard and soft lenses, solutions and accessories.

Currently, the store has the following range of products presented in the Table 3.

Table 3. Assortment of the online store Ochkoff.

Solutions and accessories	Daily Contact Lenses	Two-week contact lenses	Lenses for 30 days	Lenses for 90 days	Colored lenses
Renu MultiPlus (with a	Acuvue (3 item names)	Acuvue (5 item names)	Bausch & Lomb (2 item	Optima FM (4 lenses) (1 item	Acuvue (1 item name)

container) (2 item names)			names)	name)	
Optimed solutions (3 item names)	Focus Dailes (2 item names)		CIBA Vision (1 item name)		Fresh Look (2 item names)
Solocare Aqua (with a container) (2 item names)	Soflens Daily Disposable (1 item name)		Maxima Optics (2 item names)		
Opti-Free Express (with a container) (2 item names)					
Maxima Elite (with a container) (1 item name)					
Maxima (with a container) (2 item names)					
Lubricating drops for contact lenses (7 item names)					
Peroxide					

system Aosept Plus (1 item name)					
Accessories for contact lenses (3 item names)					
Avizor Aquasoft solutions (2 item names)					

Analysis of the Russian market of contact lenses shows that in the online store Ochkoff.net are presented quite popular brands of contact lens, care solutions, drops, and accessories for lenses. However, the so-called “crazy lens” (lenses with a bright unusual patterns, popular among young people) are not represented at all.

The breadth of assortment (number of brands) is 45 item names and the depth of assortment (max number of stock-keeping units) is 25 item names. Therefore, the product line stability rate is $25/45 * 100\% = 55.6\%$, i.e. only 55.6 percent of the stock-keeping units are in steady demand. They include solutions for contact lenses, rewetting drops, colored lenses and lenses with various wearing periods. Daily contact lenses with a maximum wetting are particularly popular.

The site Ochkoff.net has its own page on the social network VK (<http://vk.com/club19833617>) but on the 15th of March, 2012 the number of members was only 18 people, which is way too little for an online store. We shall calculate the effectiveness of an advertising campaign using banner ads on the website VK. To begin with it is necessary to formulate the final and intermediate objectives of the campaign and give a weighing coefficient of importance to each of them.

First of all, we should recall the entire chain of user interaction with advertising, which was discussed in the paper's section 2.3. Then we should consider how outdoor advertising and the website affect a network user (Table 4).

Table 4. The stages of user interaction with advertising.

Stage	Objective
Awareness	users – users that are aware
Attraction	users that are aware – reaction (clicks)
Contact	reaction (clicks) – website visitors
Action	website visitors – participants / buyers
Repeated action	participants / buyers – repeated participation

For each of the stages of user involvement can be a different degree of control over the effectiveness of its implementation.

Awareness. At this stage, it is only external passive advertising, interaction with an advertisement or a website does not take place. The effectiveness criterion is awareness index ($AW = \text{users that are aware of the source, target audience}$) as well as several other parameters, which in contrast to AW, yield less accurate calculations: the number of ad impressions (ad exposure), the number of ad impressions to unique users (ad reach); the average number of ad impressions a unique user (ad frequency).

We shall calculate the ad frequency of the Ochkoff.net online store. Users download the home page with a banner placed on it 5,000 times a day. According to the search engine's Rambler (<http://www.rambler.ru/>) counter reading, of these 5,000 hits 1,000 were made by unique users. It turns out that on this day ad exposure = 10,000, ad reach = 2,000, ad frequency = $10,000/2,000 = 5$. Consequently, each of the unique users saw the company's advertisement five times.

Attraction. The closest feature to visitors' attraction is CTR, the ratio of the number of users who clicked on the ad to the total number of users that saw the ad.

Currently, CTR is the main criterion when comparing the operational effectiveness of: advertising media; location and layout schemes; selected focusing, etc. CTR is the criterion only of the number of users involved, but not their “quality”. Therefore, drawing conclusions about the effectiveness, based solely on a comparison of CTR, is incorrect. It is advisable to conduct a deeper analysis.

The value of CTR is reported by web publishers. In fact, they report the number ad impressions and the number of clicks. $CTR = \text{number of clicks} / \text{ad impressions}$.

We shall calculate the data on the online store Ochkoff.net:

$$CTR = 345/10,000 = 0.0345 \times 100\% = 3.45\%.$$

For further convenience, it is reasonable to organize all the data provided on the Ochkoff.net into a similar table as shown in the paper’s section 2.3 (see Table 5).

Table 5. Ochkoff.net effectiveness evaluation over a period of one week at the stages when internet users engage with advertising information.

Stage	Values	Metric
Impression of the advertising message	15,000	Number of hits (ad exposure)
	30,000	Number of unique hits (ad reach)
	\$ 600	Cost of advertising
	\$ 4	Cost per mille (CPM)
	\$ 20	Cost per thousand unique users (CPUU)
Attracting attention		Noted score
		Recall score
		Recognition score
Interest	1,300	Number of clicks
	0.87%	Clickthrough rate (CTR)
	\$ 461	Cost per click (CPC)
	\$ 31	Cost per aware user (CPAW)
Website’s visit	21,000	Number of unique users
	1,100	Number of visits

	\$ 0.6	Cost per visit (CPV)
Action	600	Number of actions
	50	Number of orders
	49	Number of sales
	\$ 6,000	Sales volume
	50	Number of clients
	\$ 1	Cost per action (CPA)
	\$ 12	Cost per order (CPO)
	\$ 12.3	Cost per sale (CPS)
Repeated action		The number of repeat visits and actions

Calculation of the effectiveness of the advertising campaign „Lenses for all“. The input data of the campaign „Lenses for all“ was 150,000 hits per one week, the target audience was the people in the city of Yekaterinburg, the main objective was an increase in online store’s sales and data collection on the online store’s performance.

The budget of the advertising campaign was \$ 3,000. We shall consider the example of the website VK: on the site’s homepage was placed a banner (in this case, the graphic image) of a format 100x100 at a price of \$ 4 per thousand impressions (CPM). The banner consisted of the contact lenses’ image with the caption “The unique technology of sight recovery ...”.

The company paid \$ 600 for 150,000 impressions. The ad displays (impressions) were realized in seven days. When processing the resulting data, it became known that the server (i.e. website) was visited by 21,000 unique users, number of clicks on the banner was 1,300, accordingly:

$$CTR = 1,300/150,000 \times 100\% = 0.87\%.$$

Now, we turn our attention to the Table 5. The initial data, primarily, is the number of ad impressions, i.e. number of downloads of the advertiser’s banner by the visitors’ browsers. It is for these inquiries the advertiser pays to the web publisher at a price of \$ 4 per thousand queries (data obtained from the publisher).

The real number of impressions can only be guessed, based on, for example, data such as banner placement. We assume that in this case, the difference between a download and impressions is about 30%. On the other hand, suppose there is an additional 10% of unaccounted for impressions. Consequently, the final difference would be 20%. In other words, banner's 150,000 downloads actually produced 120,000 hits (as exposure). Thus, the cost of a thousand real impressions, CPE (cost per exposure) is:

$$\text{CPM} = 30,000 \times 4 / 120,000 = \$ 1;$$

$$\text{CPE} = \$ 4 + \$ 1 = \$ 5.$$

Based on the web publisher's data, we know that in average the user visited the server four times over a week period (150,000 visits to the homepage, 37,000 unique users). Consequently, the user saw the advertisement in average four times. We find that ad frequency = 4, ad reach = $120,000 / 4 = 30,000$ (number of unique users who were shown the advertisement).

It turns out that the cost of contact with a thousand unique users, CPUU (cost per unique user) was:

$$\text{CPUU} = (\text{ad impressions} - \text{ad reach}) \times 4 + \text{CPM} = \$ 20.$$

CPUU is as shown by a comparative analysis, 5% lower than the average for all advertising campaigns at all six social network sites (data obtained from the publisher).

In average the user saw the ad four times. Let us assume that 65% of those unique users who saw the ad will remember it. That is, we get 19,500 users who are aware of the online store Ochkoff.net. The cost of each thousand aware users, CPAW (cost per aware user) is:

$$\text{CPAW} = (150,000 - 19,500) \times \$ 4 + \text{CPM} = \$ 31 \text{ (data calculated approximately).}$$

The publisher reported about 1,300 clicks on the banner, banner's CTR was 0.87%, thus, we find that the cost per thousand clicks, CPC (cost per click) is:

$$\text{CPC} = (150,000 - 1,300) \times \text{CPM} + \text{CPM} = \$ 461.$$

For various reasons, not all that clicked on the banner made it to the site Ochkoff.net and became its visitors. The loss amounted to 16%, as the server's logs recorded only 1,100 visits (sessions on the site), where the referrer was the publisher's site. Cost per

visitor ($CPV = C/V$, where C is the cost of advertising, V is the recorded number of visits) was:

$CPV = 600/1,100 = \$ 0.6$ – that is 10% less than the average for all advertising campaigns (data obtained from the advertiser's server logs).

It was detected that a half of the website's visitors (600 people) also attended the online store within the website. The cost of attracting users to the store turned out to be CPA, i.e. $CPA = C/A$ (where A is the number of actions). Thus, it is calculated as follows:

$$CPA = 600/600 = \$ 1.$$

Of the 600 visitors to the store 50 registered and made an order. Cost per order, CPO was:

$$CPO = 600/50 = \$ 12 \text{ (data obtained from the advertiser's server logs).}$$

The lenses sales department found out that out of the 50 placed orders, only 49 had been paid for; hence, the cost of sales amounted to CPS (cost per sale):

$$CPS = 600/49 = \$ 12.3.$$

The sales actual turnover was \$ 6,000 and the profit \$ 603, i.e. on a dollar invested, we have 1.9 dollars of profit. This is 15% better than the average for campaigns (data obtained within the company-advertiser).

The visitors to the store were asked to complete a short questionnaire and let know what they liked or not in the online store, express their wishes and so on. One hundred questionnaires were filled out. The cost of filling in the questionnaire was $CPA = \$ 6$.

Summing up the effectiveness of the given advertising direction to promote the Ochkoff.net website with the use of social network VK, the following can be noted: the considered advertising direction proved to be quite effective.

For the \$ 600 invested it was \$ 603 generated in profit (\$ 600 spent on advertising had been recovered, and the profit was 603 dollars). This does not take into account: 49 attracted customers who are most likely not be limited to one purchase, and will remain customers for a long time providing additional income; and a part of the site's visitors did not place an on-line order, but had become acquainted with the online store's supply and subsequently placed an order through traditional channels. Thus, by holding

the proposed activities to improve business of the online store Ochkoff.net can be achieved significant results in reducing business costs and increasing company's profit.

4 Conclusion

These days the key method of promotion over the Internet is advertising. The main feature of online advertising lies in its two-tier approach: the first method is a company's web site; the second method is in the form of outdoor advertising in the form of banners, text blocks and other media hosted on popular or theme websites or sent via e-mail.

As it is known, the Internet virtually has no limits in either space or time – and this determines the possibility of an explosive nature of Internet advertising. With its proper placement and focus, the advertised information is available around the clock simultaneously to hundreds and thousands of people interested in it, regardless of whether they are located in the house next door, in a country's remote region or abroad. Feedback over the Internet can be provided with maximum speed, which is also very important.

Many believe that e-commerce is the key area of economic development in the twenty-first century. This is certainly true when it comes to Russia, where over the next few years the rapid growth of electronic commerce will continue. Lack of regular telephone lines will no longer hold back the development of Internet access, as for the network search would be used joint possibilities of wireless communication and Internet devices for personal use – all this will turn the network access into a new means of communication, equally affordable and popular, as mobile phones. This, in turn, will open the potential to the Internet even in the most remote regions.

During the course of carrying out this study some conclusions have been drawn. The analysis of sales and product promotion techniques is an essential part of a company's product or service marketing. Only a part of the methods of promoting products online was analyzed. The development of information technologies, among which the Internet took one of the key places, the arrival and rapid growth of e-commerce became the basis for the emergence of a new trend in modern relationship marketing concept – Internet marketing.

“In particular, the social network website is a twenty-first century phenomenon which has changed the interactions, relationships and network landscapes” (Baron, Conway, & Warnaby, 2010, p. 164). “They [social network websites] are extremely popular as shown by the usage statistics” (Baron et al., p. 173). The social networking combines the interactive nature of communication and hypermedia. It has become both a new medium of communication, and the market with tens of millions of potential customers who have various levels of income. These communicative features of the social networking require a new perspective and review of the previously used approaches to the consumers.

Before the emergence of the site VK in the Runet there was not one project that could offer advertising space to target on multiple levels in various areas, e.g. district, street, users’ interests, etc. Today, all of this can be achieved with Russia’s most popular social network VK, which has two billion page views per day (LiveInternet, 2012a).

With the introduction of social networks such as VK, the cost of advertising on the Internet has been significantly reduced. By placing an advertisement in VK, one can control the reach and frequency of advertising messages regarding the target audiences. The advertising cost is low: the base rate for a thousand impressions is only 48 rubles (about \$ 1.5).

The site offers unique service of contextual advertising. The budget from two dollars based on pay-per-click system allows placing fully-featured contextual ads with an image. In addition, VK is an effective means of presenting the advertising object. Therefore, buying ad media on social media sites similar to VK can be economical if the advertiser has a highly targeted audience.

To conclude, it can be said that with the right choice of a supplier of ad space and time, such as VK, it is possible to promote products and services successfully and cost-effectively in social networks.

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