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MODERN TENDENCIES OF INTERNET MARKETING AS A TOOL OF INFLUENCE ON UKRAINIAN CUSTOMER

Relevance. Nowadays under the global economic conditions it is impossible to find companies that form their business processes without the use of the Internet. In its turn there is an increase in consumer confidence in buying goods over the Internet, that in our opinion, is caused by rapid development of information technology and the Internet.

The specific features of electronic commerce allow both large companies and private customers, at first, to reduce the costs connected with purchase of goods, and secondly, to speed up and often simplify the buying process. It, in turn, opens up new and modern possibilities of interaction between counterparties both in the domestic and international markets, and also significantly increase the marketing opportunities of the market participants.

Ukraine is actively involved in developing these processes. According to various estimates, in Ukraine the potential of a global information network Internet is actively used by 12 to 20 million people, that is about 25- 40% of the whole population. At the same time the number of e-commerce services users increased by an average of 20-25% annually.

It is worth noting that e-commerce in Ukraine is a fundamentally new way of interaction between business partners, suppliers, customers and employees, especially in international economic activity. The majority of Ukrainian companies are already engaged in e-commerce through the Internet, as the direct online sales of the products is the most attractive opportunity of Internet technologies usage for the large business enterprises, as well as for small firms and companies. Therefore, problems and prospects of e-commerce development in Ukraine are relevant.

The **aim** of the research is to analyse the e-commerce market tendencies in Ukraine in whole, to identify its strengths and weaknesses, as well as the problems and prospects of online sales development in Ukraine.

The main material. One of the main driving forces that caused revolutionary changes in the business process nowadays is information technology. It has become an indispensable tool for cooperation between all market participants, an instrument that is used for most companies' business processes.

One reason for the rapid development of Internet - marketing is the growth of the Internet audience as shown by an opinion poll conducted in 2012.

These trends and changes favour the information economy development, while the role of information and information goods is significantly being increased, as well as the transformation of the traditional views on the economic processes is changing. Significant changes have happened with distribution channels, as sales companies tend to use e-commerce as a sales tool for their products.

Investigation of empirical data (5 Avt) shows that prices in online stores are about 9-16% lower than the prices for similar goods in the traditional market. In addition, online retailers often make downward revision of their prices. The highest level of Internet widespread in Ukraine (2013) was 56%. Compared with Russia, we are somewhat inferior to the neighboring country - 58%, in Europe the figure is 77%.

Analysis of the Ukrainian market has shown that the e-commerce is more popular in-metropolitan cities such as Kiev, Kharkov, Dnepropetrovsk, that in our opinion, is caused by a higher level of information culture in these major cities.

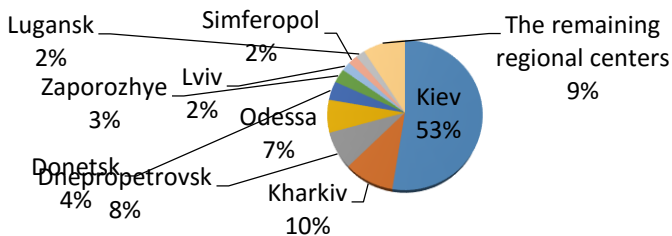


Fig. 1. The structure of e-Commerce market by the Ukrainian cities in 2013, %

However, unfortunately, the modern realities (military operations in the east of Ukraine) have made their adjustments in the processes. Nowadays we observe the movement of a significant number of people from the East to the Central and Western part of Ukraine, so the target audience of online stores in these regions is increasing considerably (Fig. 1, 2) [2, p.11].

Based on the assessment of Ukrainian Direct Marketing Association (UDMA), the main part of e-commerce market growth in the near future will be due to the users from regions where, in spite of the current trends, online trading niche is not too busy. The share of online - trade in the total retail market in 2013 was approximately 2% (this is comparable to the markets of the CIS countries, but significantly different from the European markets, where online trading percentage is about 15%).

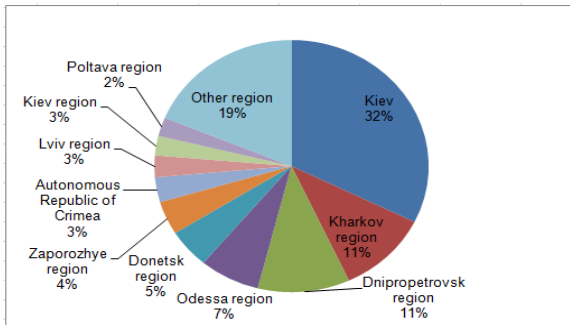


Fig. 2. The share of online business owners by region of Ukraine, %

For example, in some major sectors, such as the Fashion (clothes and shoes), sales through printed catalogs are widely developed. It is worth noting that this segment has the second highest trade turnover volume after the electronics segment (Figure 3).

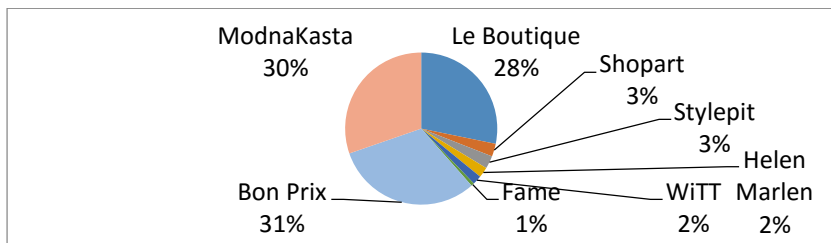


Fig. 3. The structure of the market participants in the e-Commerce Fashion – segment in 2013, % [9]

In Ukraine, the trade through the Internet is the branch, showing the fastest growth rate among all sectors of the economy. The thing is that e-Commerce in our country recently only had been at stage of conception and moved to the stage of growth. Trade volumes on the Internet in comparison with retail trade in general are relatively small. At the end of 2012, e-commerce has approximately 1.5-1.6% of the total volume of retail trade, which is much less than in Russia, where the penetration of e-commerce has come nearer to 2%, not to mention the world average of 6.5 %, or US figure of 10.1% (Table 1, Fig. 4).

Table 1
The dynamics of e-commerce development in Ukraine*

Indicators	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
The volume of e-commerce in Ukraine, bln dollars.	0,40	0,60	0,55	0,73	1,10	1,59	2,37	3,24	4,44	5,5
The annual growth rate, %		50	-8	34	50	45	49	37	37	27
The share of e-commerce in Ukraine,%	0,6	0,7	1,0	1,1	1,3	1,6	2,3	2,9	3,8	4,5
The volume of retail trade in Ukraine, bln UAH.	319	449	443	530	675	804	902	967	1025	1087
The growth of retail trade in Ukraine,%	63,2	85,2	56,9	66,8	84,7	99,5	105,5	111,8	118,5	125,6
The change in growth rate,%		35	-33	17	27	17	6	6	6	6

* Source: State Statistics Committee, Morgan Stanley Research, Fintime calculations [8]

However, it is worth noting the positive tendencies of e-commerce development in Ukraine. Thus, the Ukrainian market volume has reached 3.2 billion dollars in 2014, in 2015 more than 4.4 billion dollars, and by 2016 the volume of e-Commerce is forecast at 5,5-6 billion dollars.

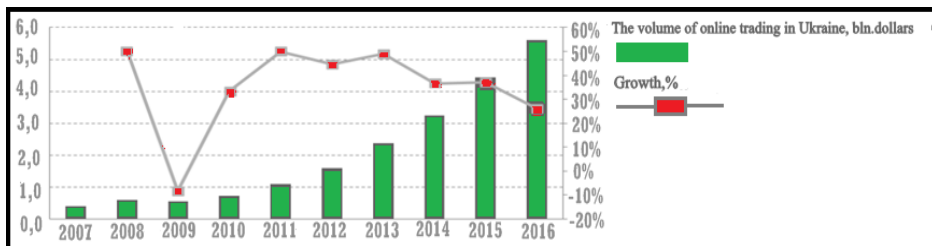


Fig. 4. The market of e-Commerce in Ukraine, billion dollars*

* Source: Morgan Stanley Research, Fintime calculations [8]

However, unfortunately, despite the increasing number of Ukrainian online consumers, in general trends, comparatively to Western countries, Ukrainian e-commerce significantly inferior them.

For a better understanding the existing problems, in our opinion, it is necessary to develop the mechanism of e-commerce implementation in Ukraine, which includes five elements with their subsequent characteristic: network store advertising, presentation of goods, shopping holding, after-sales support, building relationships.

1. Network store advertising. This is one of the main characteristics that have influenced the development of chain stores in the country. Currently, in Ukraine the negative trend in the development of chain stores is observed. In our view, this trend is due to:

- insufficient quantity and low quality of e-commerce advertising;
- the situation, in which many online stores have not entirely successful form of search mechanisms, catalogues and online rubricators on their pages (often due to limited financial resources, lack of experience and low level of market participants' competencies e-commerce).

In order to improve the efficiency of online stores in Ukraine to their owners, primarily, it is necessary to strengthen communication policy not only in the direction of information delivering, but also in self-promoting.

If we consider this problem from of impact on potential customers, the most effective types (taking into account the specifics of e-commerce), in our opinion, is: banner, position in the rankings, hyperlinks placing.

2. Presentation of goods. Ukrainian electronic systems of goods presentation we have divided into three main components: Internet Business Systems (IBS), Internet shopping, the Web-showcases. IBS has a greater influence, than Web showcases, Internet shops.

It is also important to investigate the concept of "online auction", which means the sale of goods (services) in the public competitive bidding process in which their final prices are set. An important feature of online network auctions network is the fact that they are carried out via the Internet, with the help of special software (database), which is installed on the site of the organizer. Online auctions, in our opinion, is fairly young, practically undeveloped, but a perspective kind of e-commerce in Ukraine. It is known that there are certain differences between the trading process through the Internet and at traditional outlets. The most significant include the facts that the buyer in the Internet environment has a significantly more information about product details, he has a wide range of alternatives in choosing a brand, product, and he is less neutral to the seller during the "live" contact.

In this regard, the role of a web page design, the style, the manner of communication with the client - altogether should be directed at winning the favor of the potential consumer of the goods (or services), creating a favorable environment, as well as the trust between the customer and the seller. In our country, unfortunately, there are a number of obstacles between the online store and the customer. As the result of research, we have identified a lack of electronic shops owners' interest in the existing international standards application during the site style developing, creating its attractiveness and in case of trade process regulation, which could lead to doubts and the unwillingness of consumers to make a purchase in the shop. Also, it should be noted that national chain stores when providing information about the products (photos, videos, a database with the description of the goods) do not use all kinds of the Internet tools.

Our analysis of the Ukrainian market of e-commerce has identified the need of: significant improvement in the quality of goods and services created database, development of more efficient and clearer retrieval system of necessary goods with a convenient and easy-to-use interface; elimination of technological errors, that don't allow consumers to receive complete and accurate information about the product; providing access to hyperlinks to websites of manufacturers,

comments and articles on the topic; simplifying the procedure of registration and registration of the order.

The proposed a set of measures, in our opinion, will significantly increase the level of quality of the Internet-shop services, that in turn will lead to an increase in sales volume of goods through the Internet.

3. Carrying out the purchase. When choosing a product consumer generates the list of selected products, so-called "shopping trolley" or "basket". When the selection process is completed, the next step is the registration of the order and customer registration. At this point, he selects the payment method and type of delivery.

Traditionally, nowadays in Ukraine, online stores offer a variety of types of payment for the goods. It should be noted that most of the online stores when creating contract procedures (transactions), make the main focus on the advance payment and implementation of all financial services through banking institutions. However, there are a number of chain stores, in which you can cash on delivery when receiving the goods at the post office or from courier delivery to the home. On the basis of analyses of the current situation at domestic market, we can also note the fact that there is a small number of online stores that offer their customers the possibility to pay with credit cards. In this regard, in order to enhance the functioning of this type of trade in Ukraine, we recommend owners of e-stores actively implement the possibility to use credit cards when paying for goods or services.

4. After sales support. At this stage it is important to provide the ability of quickly getting answers to the arisen questions concerning the goods purchased. It is a feature and a must after-sales service.

Today, while electronic stores demonstrate closed nature, not always provide clear payment scheme and the dynamics of store visits, scheme of products delivery and after-sales support, there is some confusion of the potential consumer, that in turn increases the distrust factor of as a particular online store, as e-commerce market in general.

Therefore, for generating the solution of this issue, directed at reducing risks and uncertainties, we offer to online stores managers, who supervise operation process, to create an efficient logistics system with the use of modern information technologies. It is necessary to build an optimal IT infrastructure, which according to our estimates, will lead to the reduction in costs, associated with the promotion of goods from

the producer to the consumer, as well as to the increase in the volume of online shopping turnover.

5. Relationship building. This is a process of product promotion, based on the use of the information about the preferences and tastes of potential customers, obtained as the results of market research, as well as the dissemination of information about products, additional services, after-sales service, promotions, etc. Thus, in order to increase the sales of online stores it is necessary to carry out more often such marketing activities for attracting new and retaining existing customers, as: lottery, raffle, competitions and implementing surveys, using questionnaires of customers and special discount cards. At the moment, the primary task of domestic companies is to ensure a stable presence in the global web.

At present, the market of marketing depends on the state of the economy as a whole. Thus, the market of marketing research is \$ 50 mln., ie, about 3% of all advertising and communication market. On the basis of the Kondratieff cyclic approach, we expect a period of depression in the market of marketing services by 2018, while the country's economy will develop without too much growth. The online marketing market is expected to grow to 30% per year, while the growth of such segments as the media - will not be significant. In Ukraine, the struggle for potential customers only in the initial stage [4].

Thus, examining the online retailers as an innovative trading technology, we have identified a number of benefits for both the seller and the buyer.

Buyer can save time when searching for the product; get the goods from most countries of the world; place orders for goods which are only prepared for production; compare the prices of several manufacturers; a wider choice; anytime access to information about products; choice of a complete set.

Seller can extend the area of trade due to Internet users; decrease in rental costs and maintenance of business premises, decrease time on orders reception, placement and execution, simplify advertising, shorten the number of intermediaries; receive the ability of more efficient resources scheduling; study better the business cycle; own representation on the Internet; combine a larger volume purchases in one; simplify the feedback [1, p.177].

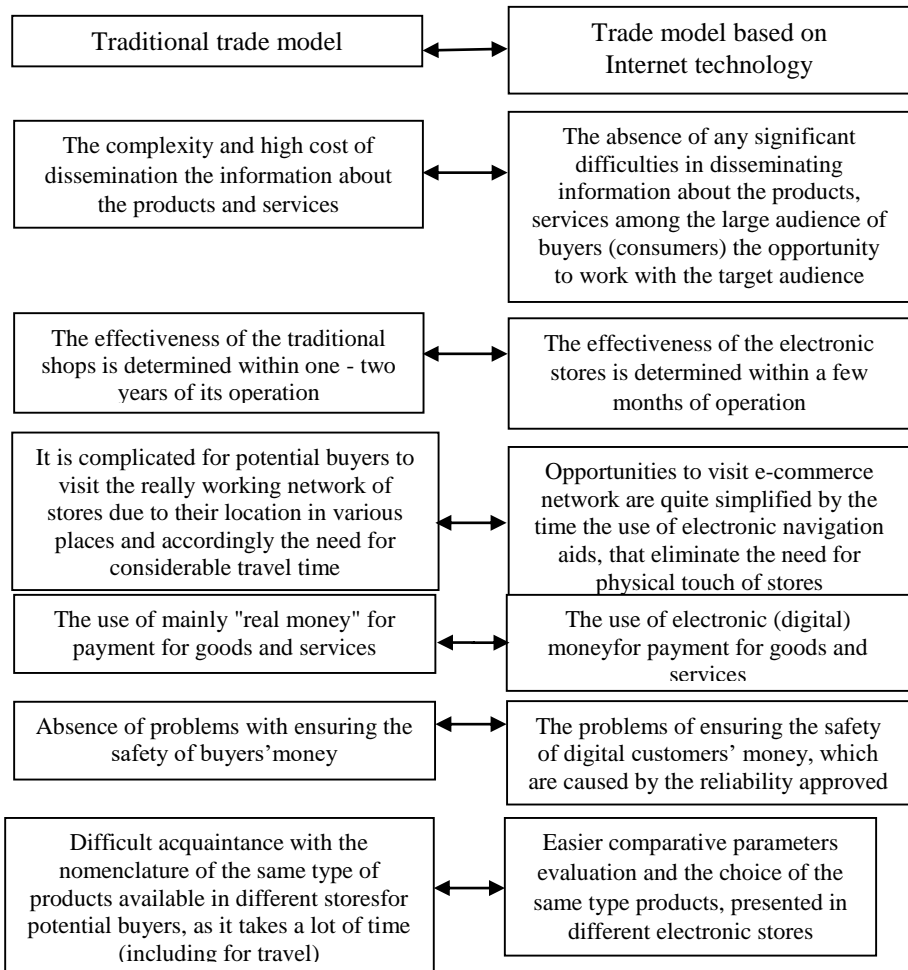


Fig. 6. SWOT-analysis of the traditional trade and trade on the basis of Internet technologies

However, it is necessary to allocate a number of problem areas. In our opinion, range of offered products still remains fairly narrow. Analysis of the goods and services market has shown that local electronic stores, mainly specialize in selling video and audio recordings, have made 41% of the total volume of sales through the Internet, home appliances - 40%, computers and accessories - 29%.

Although that in recent years the assortment of online goods has expanded (it have been added pharmaceutical products, car parts, subscription to periodicals, gift and souvenir products, flowers, etc...), - it still considerably inferior to already leading European markets - the US , Asian and other markets of e-commerce. In addition, there are deep differences also in their structure. For example, in the US a significant demand is for clothing (21% stores), gifts (20%) and travel (14%). In the Ukrainian e-commerce, these product groups represent only 2% of the stores.

Another problem of online stores is the low level of progressive payment instruments use. Foreign online stores offer the following types of payment: check, credit card or using a specific system of Internet payments. In Ukraine, dynamic of such payment types usage is the following: cash (97%), non-cash (89%), postal transfer (7%), COD (5%), Web Money (5%), bank transfer (4%). Most stores combine several types of payment.

Payment for the purchase of a real-time (online) - the most convenient way of payment. Online payment systems can be divided into 3 types: plastic (credit or debit) cards, electronic checks and digital money ("e-wallet"). In addition to these types of purchase payment systems it is widely used the international system of Internet payments, such as Pay Cash. The system provides a fast and effective implementation of cash payments in a wide amount of sums in the global Internet, and allows to carry out banking transactions (cash or non-cash transfer of funds from customer payment books on a bank account), money transfers through international systems (Western Union, etc.) post / wire transfers, payment services (mobile or paging, Internet access, etc.) with a prepaid card, purchase in online stores, system of mutual settlement of accounts between system users. From this standpoint, for gaining competitive advantage in the future, the majority of Ukrainian online stores will still provide support to payments through plastic cards, as at the present time this method of payment is the most logical way of the settlement in the network. In addition, payment by plastic cards is considered worldwide the simplest and safe way of payments [1. p.177].

Conclusion. To sum up, taking in consideration the crisis in national economy, in general, the trend of Internet marketing in Ukraine as an instrument of influence on the Ukrainian consumer, will have the

progressive development. However, for various reasons, online sales are characterized by some problems. Namely:

- the lack of service and delivery;
- low level of payment instruments development;
- the absence of the required number of qualified employees in the field of online marketing;
- the problem of information gap in marketing: tools that are available to large global companies, often are inaccessible to small and medium-sized businesses;
- the massive use of homemade sites;
- the level of after-sales support (payment schemes, the presence of the delivery, low level of hopping statistics accessibility for visitors), etc.

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