

RE-MODELLING THE BUSINESS OF COMPANY X IN DIGITAL

How to increase the online visibility of company X



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ABSTRACT

The thesis is written for the own company PROMTECHENERGO Co. Ltd, located in St Petersburg, Russia. The purpose of the thesis is to discover opportunities for remodelling the business of the company in digital and to find possibilities of constructing the online visibility for the company. The objectives of the present Bachelor's thesis are: (1) to review the current theory in digital marketing and observe the current marketing trends. Information was acquired from books, e-books, articles, professional e-zines, websites and blogs; (2) to understand the current company's situation by carrying out a qualitative and quantitative research through primary and secondary data; (3) to evaluate the results from the survey and interviews, and acknowledging the theory, to find the best solutions from utilizing online marketing channels. In the terms of expanding the market for the company, an opportunity is considered to think of possibilities to enter the Chinese market in the future; (4) to develop online marketing strategy and development plan to remodel the business of the company in digital.

The present thesis consists of six chapters. Each chapter is structured in the logical order with the purpose to connect theoretical methods with empirical approaches in order to fulfil the stated objectives and to answer the research question "What would be the best digital method to remodel the business for company X to be visible online?"

The results from the research will benefit the company and help to implement the offered online marketing strategies into practice.

Keywords Digital marketing, digital transformation, digital trends.

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1 INTRODUCTION

This thesis is written by the author to uncover the roadmap in the digital world for the own company (hereinafter referred to as company X) which plans to get visibility online, start selling online and possibly gain entry to the Chinese market in the future. The importance of the thesis is ranked at the top because of the author's interest in digital marketing, e-commerce and doing business with the Chinese. The increasing interest in digital marketing and importance of digital marketing in e-commerce is a must-have-tool for the company's competitive sustainability, especially for a small size company like company X is.

The research study is made with the help of conducting a market research on the existing electrical machinery market in Russia and China, and by utilizing a compiled profile of the Russian consumers of electrical machinery and pumping devices; thereafter a solution is formulated on how to remodel company X business in digital. In addition, the presented study aims at bringing a new approach to the existing business style with which company X operates. The key attention in this research is focused on Digital Marketing, E-commerce and Market Entry to China.

The present thesis consists of six chapters. The first chapter is an introduction with the background information of company X, the chosen topic and research methodology. Chapter 2 includes the theory of digital marketing. Chapter 3 introduces consideration of competitive challenges company X faces at present, and company X's strengths and problems. Chapter 4 presents the current situation in company X and reveals a development plan for remodelling company X in digital. Chapter 5 provides recommendations for improving company X business. Chapter 6 ends up with the conclusion.

1.1 Background

The reason why the research for this thesis was made is explained with the author's direct involvement to upgrade company X business activities by implementing new IT achievements and as a result to remodel the business in digital.

This study research is carried out for company X specializing in dealer/distributor's activities of electro-engines/motors and pumping equipment of a specific nomenclature being in demand for hydroelectric power stations, mining and processing plants, iron and steel works, coke and gas plants. The name of the company is «PROMTECHENERGO» Co. Ltd. It was founded on May 13, 2014 as a private enterprise with limited rights. It is a family business with the scope to find the customer and

deliver the manufacturers' goods and/or products to the final consumer. The manufacturers/producers are located across Russia, just to mention few of them with whom company X has partnership cooperation:

- ZAO Holding TatElectromash (Tatarstan)
- ZAO Krosna-Motor
- RusElProm Concern
- Large Electrical Machines Plant Co. Ltd
- Yasnogorsky Pumping Plant Co.Ltd
- Remos Co. Ltd
- SibElectroPrivod Co. Ltd
- ZAO SZEMO "Gidromontazhkomplekt"

Operating in a dealer/distributor's business, company X sells the manufactured products to the consumer through the realization network channels usually with outsourcing logistics. The network of consumers is rather wide, including:

- EVRAZ Kachkanar Mining and Processing Plant
- EVRAZ Siberian Iron Steel Plant
- Karelian Pellet Plant
- EVRAZ Iron Ore Plant
- Olenegorsk Mining and Processing Plant
- Novo-Lipetsk Iron and Steel Works
- "Moskoks" Coke and Gas Plant (in Moscow region)
- Hydro Electro-Power Station Berezovskaya
- Hydro Electro-Power Station in Surgut
- Far Eastern Generating Company

Therefore, company X's main business is performing the role of the dealer working on a contract basis with the manufacturers/producers and that of the distributor when selling and shipping the requested items to various consumers.

The organizational structure of company X is hierarchical, but simple: at the head of the board is General Director, Executive Director, and Sales Manager. The number of working personnel is three, the accounting services are outsourced, and so is the labour force for product lifting, packaging and loading onto delivery trucks. The turnover of 2016 from the operational business was equal to 27,906 444.00 roubles, with the net profit of 1,249 000.00 roubles (Бух баланс 2016 промтехэнерго.pdf).

Company X's mission is stated in the following words: "We strive to deliver the high quality products of our partner-producer to your consumption at your first demand. We combine the speed of our delivery with our professional solutions and services". (Устав промтехэнерго.pdf)

Company X's vision statement is to become distributor No.1 of asynchronous motors of DAZO-A4 type, circulation pumps of a D-series for RAO "SeverStal".

However, business stability in operating offline is never guaranteed. More and more products of such industrial demand one can find online nowadays, even with a lower price. Being competitive in the distributing of electro-engine/motor and pumping devices, company X needs to rethink its marketing strategy and redirect its business activity towards e-commerce, possibly in one of its sectors. Therefore, the purpose of this thesis is to help company X find possibilities to construct its business in digital. The author of the thesis aims at writing a development plan in order to know how to remodel company X business in digital and create the visibility of company X online. The other aims of the research are to create a website, increase a number of visitors to company X website, improve the conversion rate and get leads. To realize all these goals the author employs different research methods to be introduced in the following chapters.

1.1 Research Question

In the words of Samtani (2002), Tomorrow's markets will be dominated with a new class of companies, known as Next Generation Enterprises (NGEs). These companies are going through a phase of Internet revolution in terms of restructuring their business processes, providing real-time customer service, integrating their internal applications and supply chain. They are increasing their profitability through digitization. Companies that are not participating in this revolution may not remain competitive and profitable in the future. No modern business, regardless of its size, can survive without digitizing business nowadays. Therefore, in the thesis the stated goal is to increase the visibility of company X online and thus, the formulated research question is as follows:

- What would be the best digital method to remodel the business for company X to be visible online?

1.2 Objectives

The purpose of the thesis is to help company X find possibilities to construct its digital business. To realize this goal the author states the following four objectives:

- Theoretical review on digital marketing and marketing trends. The existing theory will provide the virtual and practical steps to relevant digital marketing campaigns held online for communications and with the tools to measure effectiveness of them.

- Analysis of the current situation in Russia (China) merged with the theoretical survey is combined with the interviews, survey. This is supposed to be a practical toolkit for company X digitization.
- The interviews and theoretical approach as a toolkit are used to carry out an analysis on strengths and problems arisen from utilizing digital marketing channels.
- The research results are applied to develop an online marketing strategy for company X market extension. With understanding the theory, benchmarking the best practices in conducting online marketing, the development plan is composed for company X to be remodeled in digital.

1.3 Methodology

The stated above objectives the author intends to achieve by applying a number of methodologies. One of them is a desk research based on the review of literature on digital marketing, e-commerce, and market entry modes, including a number of relevant sources on the Internet like e-books, professional blogs, and articles about digital marketing in e-newspapers and/or e-magazines. Desk research reveals the secondary data, which give relevant information about digital marketing and marketing trends both in English and in Russian.

Next methodology as empirical research or primary data research is done through a face-to-face interview with the top leader of Metal Flow Corp, President Mr Robert Knittel from the USA, whose company has been operating for 15 years in China. Additionally, four interviews the author of the thesis holds with the CEOs of company X business partners by phone. Online survey as a part of collecting primary data through Microsoft Excel generated by Google Analytics is carried out additionally to discover respondents' perception of doing business with the Chinese. The primary data collected from all these interviews aim to acquire useful information on resolving the research question. By drawing a development plan the author of the thesis offers company X the best digital method to remodel the business of the company in order to become visible online.

2 DIGITAL MARKETING THEORY

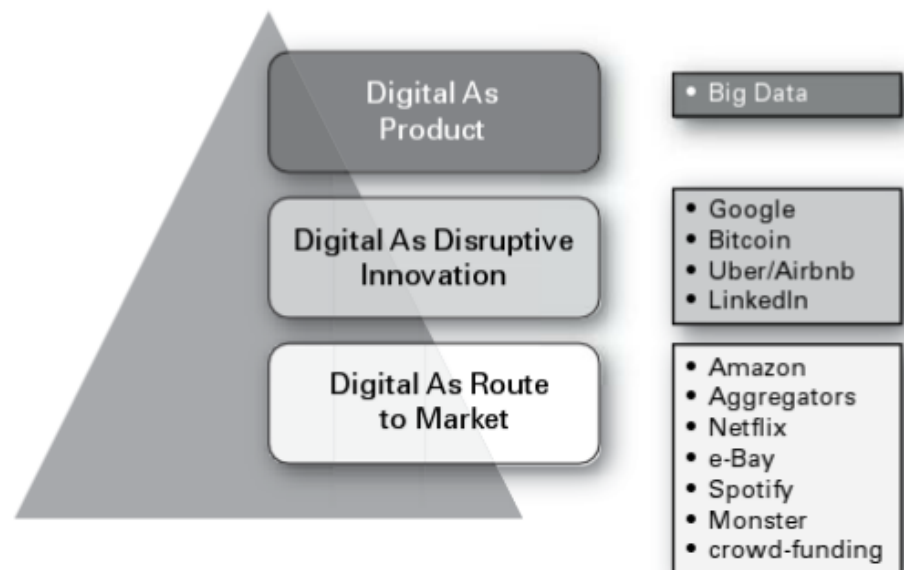
As R. Gesteland (2002) says, "We all know that the distances between the various parts of the world have shortened tremendously in the recent past, in the sense that the time needed to travel from one place to another has gotten shorter. High-speed transportation and networking have helped define what we now call the global supply chain". New technology has also affected communication. Phones, faxes, and

computers help transcend time zones and expand opportunities. Today calling clients in Japan or Singapore is almost as easy as calling your neighbor. Although you cannot eliminate distance, technological development has given us powerful new tools to manage it. (Gesteland 2002, 5.) At the same time, digital distances have shrunk almost to nothing (Haverila 2004, 10). Everything is changing too fast in the era of Information Age. It has become so essential to get on the track of remodelling the business in digital on time.

The important element of business today is information. The company, which has the most up-to-date information about the marketplace and is able to utilize it in a timely fashion, has a competitive advantage (Haverila 2004, 18). The information and ideas have eventually become commodities today. Being well informed means becoming more competitive and eventually successful in business.

2.1 What Is Digital Business?

Paul Walsh, Chairman of the Compass Group, said, 'For businesses to thrive in today's markets they need to engage effectively with digital' (Bones 2015, i). Operating in digital business means breaking into well-established industries. The following figure illustrates a hierarchical model of digital business with activities in each of three groups.



SOURCE: © Good Growth Ltd 2014

Figure 1. Digital business segmented by type.

Each of the models can be described as follows:

- Digital as a product in itself is the data itself of the product or service, it is commonly referred to as 'big data'. This part is dominated by professional services and some digital services businesses who can manipulate billions of data points on behalf of very large organizations such as bank, retailers and governments.

- Digital as disruptive innovation. This is where it makes a market that has not existed before, using new technology or applying technology in a novel way. These businesses establish and sustain themselves through the tools and techniques required to manage a digital route to market.
- Digital as a route to market. This is where it is transforming the delivery of existing products and services or allowing the development of new products and services within established markets. This is the world most of us inhabit and the world that is facing the most significant levels of change as old models break down and new models take their time to establish and work effectively. This activity is named as e-commerce. (Bones 2015, 3.)

The author of the thesis selects the third segment of the digital business type, i.e. the e-commerce. The reason is that innovation and in big data are not in company X business scope. Company X is likely to use digital as a route to market, in other words, via e-commerce. A leading e-commerce practitioner, Konstantine Karampatsos considers digital business in terms of the operational challenges faced by disruptive innovators and businesses using digital as a route to market in established markets. (Bones 2015, 4.) The main idea of him is to find and retain the right talent with the right sets of skills and get it right with customers so they respond positively to what a business is trying to do. In e-commerce the latter one, i.e. getting it right with the customer is prioritized. The challenge of e-commerce is to build mutual understanding and effective relationships with the customer even if there is no physical human interaction. From that point of view, it will be very innovative for company X to start part of its business online, at the same time to keep on the traditional, a bit conservative, offline business structure.

2.2 Digital Transformation

For any business to be successful and profitable market expansion plays a key role. To get market expansion is possible nowadays through digitization because of a greater customer engagement. This new technology allows any business to put on digital transformation. It is getting so obvious that digital transformation is able to create new business models, improving business processes, and can change how a company works with real-time information. However, all what digital transformation can bring like high expectations, which a company sets for the resulting disruptive and on-going innovations for its business and expects high business benefits for customers and the organizations, may just fail because they will not correlate with the company culture. (Link.springer.com n.d.) Digital transformation is not only about technology, it is about bringing together the power of technology with a culture that embraces the change that it can lead for the organization

(Forbes.com n.d.). Only when a company pays the attention to how it integrates digital technologies, systems, processes, and structures into its corporate culture and ensures that its culture is fully embraced and lived by its employees will be able to exploit its digital capabilities fully and make its digital transformation sustainable (Link.springer.com n.d.).

The customer experience as well as that of employees is the ultimate goal of any digital transformation. Customers have got digital power to interact with the business, and in the company's interest their experience must be consistent and positive. By utilizing research analytics it is easy to find out where customers are coming from (if it is a social media platform, a blog, a website), so that synchronizing the interaction between the company and prospective customers has become a must-have-tool in those high-traffic areas. (Forbes.com n.d.)

2.3 Digital Trends

Quite important is to get aware of emerging trends when thinking about digitization. According to the Top Ten Trends for Digital Transformation in 2017, the emergence of new technologies has revolutionised the way companies interact and engage with customers, although digital transformation continues to support telecommute capabilities. In addition, new technology developments and opportunities allow remote operations when a company may have its offline location in overseas countries. However, digitization gives capability to work in real time. Such realities like the augmented reality (AR) and virtual reality (VR) appear to be booming trends in business digitization. The mainstream shift toward AR and VR provides new ways to connect with customers and offer unique, memorable interactions. (Forbes.com n.d.)

New technologies offer new application program interfaces (API). APIs, as a digital trend, have become a secret weapon for embracing true digital transformation. New technologies give way to eBay and PayPal, which are two companies that have relied significantly on these technologies, and thus enabling them to manage an incredibly high volume of transactions. APIs open doors for multiple platforms to tie together in an ecosystem that is fast and flexible. Then come big data, which are very important in the business world. The big data are analysed rather quick by the analytics software programmes. These must-have analytics drive business by showing how your customers think, what they want, and how the market views your brand. In the age of Digital Transformation, almost everything can be measured. It helps any important decision to be supported by the application of data and analytics. (Forbes.com n.d.)

Another new trend in digital transformation is the Internet of Things (IoT). This new technology of applying the IoT offers immeasurable insight into customer's mind. It is also changing how daily life operates by helping create more efficient cities and leaner enterprises. Businesses

and customers alike will continue to benefit from the IoT. With an estimated 50 billion IoT Sensors by 2020 and more than 200 billion 'Things' on the Internet by 2030, it is no question that IoT will be not only transformative, but also disruptive to business models. (Forbes.com n.d.)

Next trend appears from the relationships with technology, i.e. smart machines learn and adapt to their environments. As well, artificial intelligence (AI) has become a reality. Advanced learning machines may replace low-skill jobs, and AIs are able to work collaboratively with human professionals to solve intensely complex problems. AI stands to become one of the most disruptive forces in the IT world. (Forbes.com n.d.)

Finally, new roles rise like that of Chief Digital Officer, and the Chief Customer Officer replacing CIO (Chief Information Officer) (Forbes.com n.d.).

2.4 Internet As a Vast Public Web

Digitization could not happen if there was no Internet. In the words of Bill Gates, The Internet is becoming the town square for the global village of tomorrow (Pincetti 2012, 18).

Much of the world's businesses today are carried out over digital networks that connect people and companies. The Internet, a vast public web of computer networks, connects users of all types all around the world to each other and to an amazingly large information repository (Kotler 2008, 839).

The Internet offers a mechanism for companies to sell products direct to the customer (Chaffey 2000, 10). What does the Internet provide the consumers? Consumers are immediately connected via digital touch points, e.g. social media, Web, mobile apps, enabling retailers to build optimal multi-channel marketing and distribution momentum. The Internet is always in beta phase (beta phase – experimental phase). Besides, the Internet provides consumers with the ability to control every step in their buying decision, making product assessment, evaluating its desired quality. It is also the Internet through which the closer engagement is tied between the marketer and customer, where the customer is no more a target, but a partner. In the words by Chaffey D. (2000), The Internet still offers excellent opportunities for target marketing.

The impact of the Internet is enormous if we think of a global scale. We viewed the Web as another distribution channel for our images that would allow more of our millions of images in our files to be seen by the professional customers we serviced (Pincetti 2012, 12). World Wide Web (www) is a medium for publishing information on the Internet. It is accessed through web browsers, which display web pages and can be

used to run business applications. Company information is stored on web servers, which are usually referred to as web sites (Chaffey 2000, 12). That is why nowadays, having a quality Website is essential for every business. Whether it is for a small shop, a small sized company or a global corporation, everyone needs a Website to become visible. Furthermore, from an entrepreneur to a musician or from an artist to a rock & roll band, it is necessary to have a solid presence on the Internet to be able to achieve your goals (Pincetti 2012, 18). So far, company X has not had a website yet. Therefore, creating the website has become a kind of priority for company X to stay competitive and become visible these days.

Another creative phenomenon coming into our life is online user-generated content (UGC) and social networking. Utilizing those ordinary people are becoming the directors, producers, editors and distributors of their own media-rich content – the content they, their friends and the world want to see (Ryan 2009, viii). Nowadays people want more engagement, more interaction; therefore, they are spending most of their leisure time in a digital world, thus supporting this new pervasive technology to open up digital marketing. Company X's social networking shall be put on the traditional for Russia media platforms as Yandex and VK (VKontakte), the so-called Home Facebook in Russia. Internet has become a critical channel component for the Seller and the Buyer. Even if the purchase is not made online, the Internet is increasingly viewed as an important source of information in the decision-making process for both consumers and business buyers (Ferrell 2011, 278).

2.5 Digital Marketing

To extend the target market, the business should possess the “know-how” tools of a marketing campaign. The Business dictionary gives us the definition of digital marketing as “The promotion of products or brands via one or more forms of electronic media. Advertising mediums that might be used as part of the digital marketing strategy of a business could include promotional efforts made via the Internet, social media, mobile phones and electronic billboards, as well as via digital and television and radio channels”. (Businessdictionary.com n.d.) Digital marketing involves collaboration between different parties. That collaboration can be characterized by four main interactions: B2C (business-to-consumer); B2B (business-to-business); C2C (customer-to-customer interactions, best known as consumer auctions, but can also be achieved as B2C and B2B social networks or communities); C2B (customer-to-business – novel buying models where customers approach the business on their own terms or generate content to support the business) (Chaffey 2017, 13).

By Ryan D. (2007), Digital marketing allows us to build uniquely tailored on-going relationships with individual customers. Online consumers talk to each other – a lot. Through peer reviews, blogs, social networks, online

forums and communities they are telling each other about their positive online experiences – and the negative ones (Ryan 2007, 28).

For any business to be remodelled on a digital platform is, however, quite important to figure out if the business is suited to digital transformation, what nature of the business is, where the business is now and where it is to go in the future. For company X with its broaden scope of the business to sell electrical engines/motors, pumps, mostly circulation pumps of a D-series, across Russia, digital marketing is viewed as the most relevant way for it gives a perspective to cover large areas and target a desired market for selling. Formerly, circulation pumps of a D-series used to be delivered from the Ukraine, Sumsk PumpEnergoMash Plant. Today's perspective offers China to be a prospective supplier of such pumps for company X.

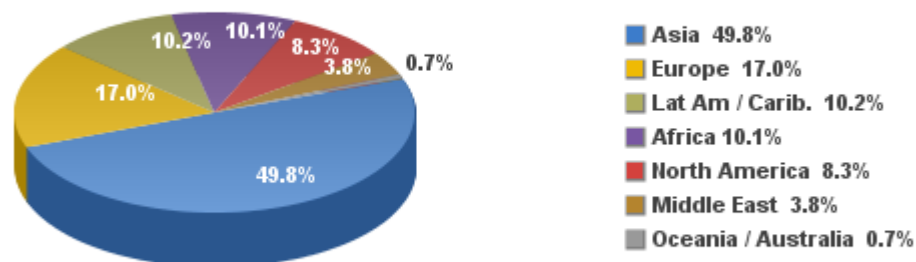
As people are getting more and more accustomed to digital technology and able to communicate in ways that would have been inconceivable just a few short years ago, the widespread availability of always-on broadband connections means that people are now going online daily to do everything from checking their bank statement, to shopping for their groceries, to playing games. This means as well that a message sent through a digital marketing channel will target very specific niche segments (Ryan 2007, vi). However, it is equally important to choose the right digital channel in order to be engaged with the prospect and keep retention of the lead.

2.5.1 What Are the 4 Ps of Digital Marketing Mix?

The traditional marketing mix of the 4 Ps like that of Product, Price, Promotion and Place, come in digital marketing as the following:

- 1) Place – it is the Internet. It is seven billion plus people around the world, among whom 3,8 billion Internet users (Internetworldstats.com n.d.)

Internet Users in the World by Regions - 2017 Q2



Source: Internet World Stats - www.internetworldstats.com/stats.htm
 Basis: 3,835,498,274 Internet users in June 30, 2017
 Copyright © 2017, Miniwatts Marketing Group

Figure 2. Internet Users in the World by Regions – 2017 Q2

2) Price – it is getting very critical online because pricing is very transparent on the Internet. However, it does not mean that a company offers the cheapest price to be competitive. The company needs to make sure its overall value proposition to its customer is compelling (Ryan 2007, 30).

3) Product – it must be viable, because it is much easier to engage with consumers and convince them to buy. The power of a digital product comes from it being a sound product.

4) Promotion – as Ryan D. (2007) says, - “is everything you do, online and offline, to get your product in front of your prospects, acquire new customers and retain existing ones”.

Therefore, the marketer needs to operate professionally with the major forms of online promotion:

- The most important element in the company’s whole digital marketing strategy is a website of the company (Ryan 2007, 32).
- Then comes search engine optimization (SEO), which is part and parcel of the website. That is about the content on the website.
- Keywords or key phrases are ranked for an extremely effective way of generating search engine traffic. That is done through Pay-per-Click search advertising (PPC).
- To become easy visible a company needs to cooperate with some partners via Affiliate marketing and strategic partnerships on the Internet. This beneficial relationship is the way to promote a product and services.
- Online public relations (PR) is achievable by using online channels like press releases, article syndication and blogs to create a positive perception of the company brand and/or position the company as an authority in a particular field (Ryan 2007, 32).
- Social networking has become another marketing opportunity. Advertising targets specific social groups on the profile information of the company. It is done through different sites like Facebook, LinkedIn, MySpace, Twitter, Instagram, Vkontakte and others.
- E-mail marketing is still very vital. It keeps on-going relationships with existing customers and prospects that have “opted in” to receive information (Ryan 2007, 33).
- Customer relationship management helps a company retain existing customers and building mutually rewarding relationships with them. Digital technology makes developing this connection with the customers more effective and straightforward than ever before (Ryan 2007, 33).

2.5.2 What Are Digital Marketing Platforms?

We are used to determining desktop access devices as dominant platforms for years. However, nowadays-mobile marketing platforms are getting more important. According to Global Web Index (Buckle, 2016), the survey discovered that on average consumers own 3.64 connected devices from smartphones, laptops and tablets to streaming sticks, wearables and consoles, many that are used simultaneously through multi-screening, often with a connected TV. According to Chaffey (2017), “These are main platforms that the digital marketer needs to evaluate and manage”:

- Desktop browser-based platform. This is traditional web access through the consumer’s browser of choice whether Google Chrome, Apple Safari or Microsoft Explorer or Edge. The app store on Chrome gives a new way to reach audiences.
- Desktop apps. Apple users are accessing paid and free apps from their desktop via the Apple App Store while Microsoft Windows users have their equivalent gadgets. This gives opportunities for brands to engage via these platforms.
- Email platforms. While e-mail is not traditionally considered as a platform, it is part of the online experience and offers a separate alternative to browser and app-based options to communicate with prospects or clients, whether through editorial or advertising, and e-mail is still widely used for marketing.
- Feed-based and API data exchange platforms. More advanced, professional users still consume data through RSS feeds, and Twitter and Facebook status updates can be considered a form of feed or stream where ads can be inserted.
- Video-marketing platforms. Streamed video is often delivered through the other platforms mentioned above, particularly through browsers and plug-ins, but it represents a separate platform. Television channels delivered through streaming over the Internet known as IPTV are related to this platform.
- Major social networks like Facebook, Instagram, LinkedIn, Pinterest and Twitter can also be called platforms; some call them ecosystems because of their supporting interfaces and tools. These are accessed across different devices.
- Mobile phone and tablet platforms can be used in different locations; there are many new opportunities to engage consumers through mobile marketing and location or proximity-based marketing. The main platforms among them are: (1) mobile operating system and browser. There are mobile browsers, which are closely integrated with the operating system; (2) mobile-based apps. Apps have to be developed specifically for the mobile operating system, whether it is Apple iOS, Google Android or Windows.
- There are a host of other and growing platforms through which to communicate with customers, for example: (1) gaming platforms. Whether it is a PlayStation, Nintendo or Xbox variety of gaming

machine, there are increasing options to reach gamers through ads or placements within games, for instance, in-game ads; (2) indoor and outdoor kiosk-type apps. For example, in-store interactive kiosks and augmented reality options to communicate with consumers; (3) Interactive signage. The modern version of signage is closely related to kiosk apps and may incorporate different methods such as touchscreen, Bluetooth or QR codes to encourage interactivity. (Chaffey 2017, 6.)

2.5.3 E-commerce

E-commerce is a term that describes a focus on buying and selling products and services on the Internet. According to Korper (2001), E-commerce is not merely a technology-based effort; it requires simultaneously redefining marketing, sales, services, and products. The narrow definition is consistent with the experience of the casual user of the Internet; e-commerce is what happens when you shift from browsing to buying. E-commerce transactions are the trading of goods and services conducted using the Internet and other digital media (Chaffey 2000, 325).

This can be conducted from a business-to-business (B2B) or business-to-consumer (B2C) perspective (Papazoglou 2006, 2). The benefits of transactional B2B e-commerce are now more about identifying products in electronic catalogues from a range of suppliers, selecting the best option and then managing the paperwork and workflow electronically through e-procurement. The eBay auction model has not really taken hold in B2B, as it is the world largest personal online trading community, which for a small fee allows consumers to offer their goods directly to some other consumers on the base of C2C action format. (Korper 2001, 11.) To B2B channel belongs 75 percent of Net revenue. B2B e-commerce ventures form the backbone of economy, which like the Industrial Revolution will not go away (Korper 2011, 14.)

The following figure shows a standard B2B model:

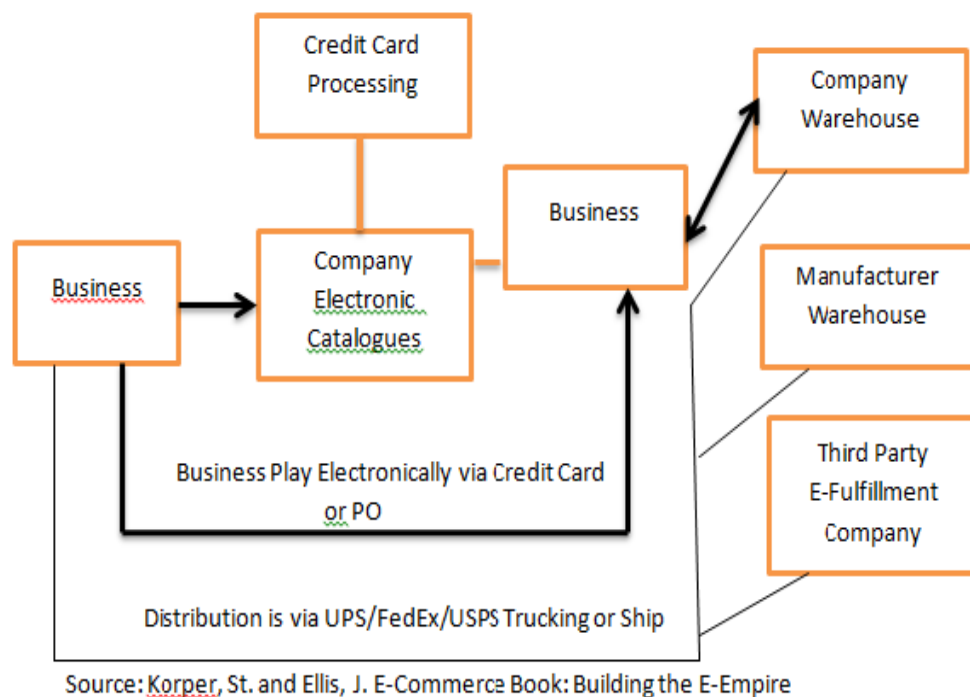


Figure 3. Business-to-business model – Adopted from Korper (2001, 15.)

There are four additional types of B2Bs: online catalogue, auctions, community markets, and exchanges. In company X's interest is to create an online catalogue of its offered products. The main function of the online catalogue is to have inventory from company X suppliers and spur demand for inventory from buyers.

The great part in e-commerce worldwide belongs to Alibaba, China, which has created a billion-dollar business focused on Asia (Chaffey 2017, 10). C2C models and the social media to support them have proved one of the most disruptive examples of online business technology. An early indication of the popularity of C2C was the growth of online consumer auctions at eBay and in niche communities focusing on interests such as sport, films or pastimes. More recently, a dramatic growth in C2C interactions has been fueled by the growth of social networks: the "Big 8" – that is Facebook/Instagram, Google/YouTube, Snapchat, Twitter, LinkedIn and Pinterest. These are new key to reaching many customers through business or brand pages and advocacy via key influencers on these platforms. Social interactions are now so important that they are reducing consumption of other forms of digital media and traditional media, so all companies need to develop a strategy to engage these consumers (Chaffey 2017, 11).

C2B also involves customers developing their own content online, which is known as user-generated content (UGC), with businesses facilitating it (Chaffey 2017, 11).

Chaffey & Ellis-Chadwick (2015) identify five main types of online presence or components possible as part of a site:

- 1) Transactional e-commerce site. Online retailers, travel, financial services providers or manufacturers make their products available for online purchase. The main business contribution is through sale of these products. The sites also support the business by providing information for consumers who prefer to purchase products offline.
- 2) Service-oriented relationship building or lead-generation website. Provides information to stimulate purchase and build relationships. Products are not typically available for purchase online. Information is provided through the website, along with email marketing, to inform purchasing decisions. The main business contribution is through encouraging offline sales and generating enquiries or leads from potential customers. Such sites also help by adding value for existing customers by providing them with information of interest.
- 3) Brand-building site. Provides an experience to support the brand and current campaigns. Products are not typically available for online purchase, although merchandise may be. The focus is to support the brand by developing an online experience of the brand through content marketing integrated with social media outposts. They are typical for low-value, high-volume, fast-moving consumer goods (FMCG brands).
- 4) Portal or media site. The main purpose of these types of intermediaries or publishers is to provide information and content. The term portal refers to a gateway to information or a range of services such as a search engine, directories, news, blog content, shopping comparison, etc. This is information both on the site and via links through to other sites. Online publishers have a diversity of options for generating revenue, including advertising, commission-based sales (affiliate marketing) and selling access to content through subscription or Pay-per-View. Examples: Yahoo!, the Financial Times Online or TripAdvisor.
- 5) Social network or community site. A site enabling community interactions between different consumers (C2C model). Typical interactions include posting comments and replies to comments, sending messages, rating content and tagging content in particular categories. Well-known examples include Facebook and LinkedIn, but there are many less well-known niche communities that may be important within a market. In addition to distinct social network sites, social interactions can be integrated into other site types through plug-ins or application programming interfaces (APIs). The Facebook APIs are very important in integrating Facebook "Like" buttons and

content into sites through services as the Facebook social plug-in. (Chaffey 2017, 12.)

Utilizing this desk research on e-commerce, the author supposes that for company X transactional B2B e-commerce would be selected as the mode of marketing, as with the established website company X products can be identified in digital catalogues, like an inspirational source, from a range of suppliers. The buyer needs to select the best option and then by managing the paperwork; the workflow is done electronically through e-procurement.

The other step toward e-commerce company X can do by building service-oriented relationship with the prospect through creating a lead-generation website. Company X's products are still not typically available for purchase online. Therefore, the information about products is provided through the website, landing page, e-catalogues, with email marketing following. The author thinks that the main business contribution will be done through encouraging offline sales and generating enquiries/ leads from potential customers. Creating such lead-generating website helps company X create adding value for existing customers, and provide them with the information they are interested.

Social networking is viewed as a must-do tool by the author, too. Creating a community site contributes to company X visibility online, and increase company X awareness among potential customers.

2.5.4 E-mailing Marketing

E-mail, one of the Internet most widely used applications and one of the most critical for Internet marketers (Ryan 2009, 9). E-mail is not traditionally considered as a platform, it is part of the online experience and offers a separate alternative to browser and app-based options to communicate with prospects or clients, whether through editorial or advertising, and e-mail is still widely used for marketing (Chaffey 2017, 5).

E-mail lets marketers send highly targeted, highly personalized, relationship-building messages (Armstrong & Kotler 2017, 464). One of the greatest benefits of e-mail marketing is its ability to create and build a relationship with a customer on an individual basis (Brassington & Pettitt 2013, 439).

E-mail is a relatively cheap way of communicating quickly with a large number of prospects or customers, but has to overcome public concerns about spam and security issues. The explosion of spam – unsolicited, unwanted commercial e-mail messages that clog up people's e-mail boxes – has produced consumer irritation and frustration. According to one Research Company, spam now accounts for 64 per cent of the billions of e-mails sent worldwide each day, almost two out of every

three e-mails. (Armstrong & Kotler 2017, 465.) Just because of these concerns, marketers start practicing “permission-based e-mail marketing”, when sending e-mail pitches only to customers who “opt-in” (Armstrong & Kotler 2017, 465). Used in a strategic and creative way, however, it can deliver a targeted, personalized message to a customer, whether it is a straightforward reminder, information about matters of interest to the customer, or an invitation to click through to a website to take advantage of special offers (Brassington & Pettitt 2013, 449). E-mail messages are a great medium for marketing specifically to repeat clients. The customer can respond by clicking a button embedded in the e-mail message to place the order. (Korper 2001, 56.)

We use e-mails primarily to keep in touch with friends, colleagues and contacts, and occasionally we use them to search for information or to place an online order. We may even welcome an incoming e-mail from a company that we have done business with previously or where we have declared an interest in what they are offering. Marketers are attracted to the potential of e-mail marketing as a communication tool that can target individuals rather than using mass media approaches simply because of its high degree of personalization. Carefully designed e-mail marketing can help to create initial contact as well as helping to develop an online relationship once transactions have taken place. The aim from a marketing perspective is primarily to encourage the reader to look at a website and to obtain permission to send more information to the recipient or to a third party (Brassington & Pettitt 2013, 437).

With respect to e-mail marketing, the author of the thesis considers it to be as the most traditional method of communicating with potential customers. Company X can keep sending open content of the website as reminders of company X’s products and service by e-mails.

2.5.5 Mobil Marketing

In today’s high-tech world, practically every person has at least one mobile device: cell phone, smartphone, and tablet. IT engineers develop different software, application programming interface (API) enabling marketers to engage customers anytime and anywhere. Worldwide adoption of mobile devices and surge in mobile Web traffic has turned mobile marketing into a must-have tool for marketer. Apart from, the mobile apps market covers the whole globe. More than two million applications are available, with 29 apps being installed on a smartphone on average (Nielsen.com n.d.). According to Armstrong & Kotler (2017, 471), Mobile marketing features marketing messages, promotions, and other marketing content delivered to on-the-go consumers through their mobile devices. The total number of smartphones used worldwide in 2017 reaches 2, 32 billion.

Figure 4 shows the total number of smartphone users worldwide from 2014 to 2020 (Statista.com n.d.).

Number of smartphone users worldwide from 2014 to 2020 (in billions)

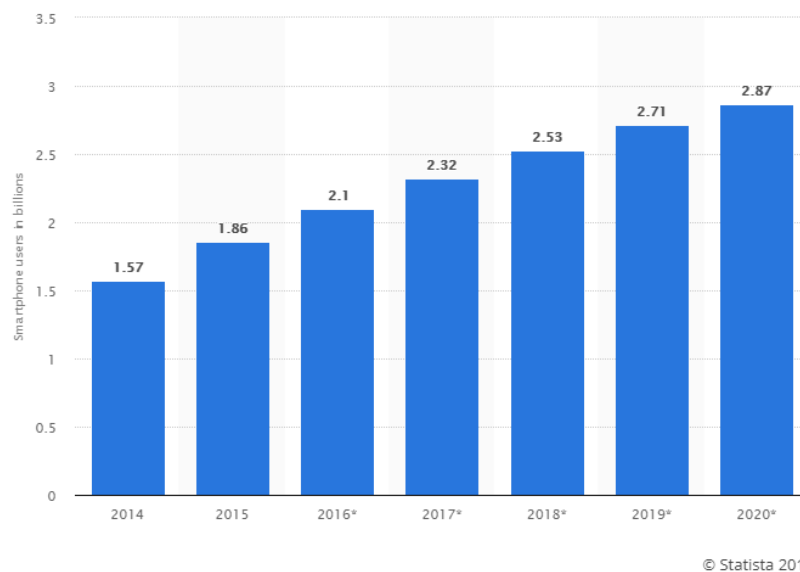


Figure 4. Number of smartphone users worldwide from 2014 to 2020 (in billions).

Companies start using mobile marketing for the mere purpose to stimulate immediate buying, make shopping easier and pleasant. A lot of mobile ads provide substantial engagement and impact. Some marketers create their own mobile online sites, which are optimized for specific phones and mobile service providers. Mobile marketing can be successful beyond giving people just a coupon or a link to buy. As Amazon's mobile app - thanks to "1-click" purchasing, Prime membership, and other features – customers located anywhere, anytime can have products delivered to any location in less than 24 hours with nothing more than a smartphone, a simple search on scan, and the click of a button. (Armstrong & Kotler 2017, 473.)

Utilizing this new tendency to mobile marketing, company X can follow it as well by sending information about new product offers to its business partners.

2.5.6 Catalogue Marketing

Traditionally, customers are used to receiving catalogues of products in a printed magazine, like a bound booklet with colourful pictures from which they are directed to buy. In the era of the Internet and digital marketing, the tradition is shifted to digital catalogues. So, to the marketing mix a variety of online catalogues has become accessible on the websites and smartphone catalogue shopping apps. By Armstrong & Kotler (2017, 476): "And days before the latest Eddie Bauer catalogue

arrives in the mail, customers can access it digitally on a laptop or mobile device at eddiebauer.com or catch highlights via social media outlets such as Pinterest. Eddie Bauer's mobile catalogue gives customers the convenience of on-the-go browsing and purchasing".

The benefits of online catalogues are in their almost unlimited amount of merchandise, including search mechanism and video. Additionally, online catalogues offer real-time merchandising, as a buyer can add or remove any product, and the price can be added instantly to the requested demand.

This is the most appropriate way of direct digital marketing company X can implement for attaining online visibility and trying to be present with its storefront on e-commerce platform.

2.5.7 Online Videos

Online videos can be another form of digital marketing. Marketers post digital video content on brand Websites or on social media sites such as YouTube, Facebook, Vimeo. Some of videos can go viral. From this word derives viral marketing, or word-of-mouth marketing. This type of marketing involves creating videos, ads, and other marketing content that are so infectious that customers will seek them out or pass them along to their friends (Armstrong & Kotler 2017, 465). The great benefit of online videos is in captivating motivational message.

Online videos as the most catching digital marketing mode can provide immediate awareness to company X.

2.5.8 Blogging

Blogging is the way people, companies share their thoughts in the form of posting the content related to narrowly defined topics (Armstrong & Kotler 2017, 466). It is common for bloggers to use social networks as Twitter, Facebook, Instagram, VKontakte just to promote their blogs for giving them huge reach, just to become influential. Nowadays blogs are used for marketing as well, with new content added several times a week. Blogging is a toolkit for readers' engagement. Blogging is getting so popular because of the new content, for search engines love new content, blogging has become a great search engine optimization (SEO) tool. Through blogging, trust and rapport are built with prospects, providing up-to-date information about a company's new deals, products, services. (Thebalance.com n.d.)

Blogging can boost omnipotence of company X on many social media channels.

2.6 Digital Marketing In Russia

In Russia like in any other country, there are certain laws on mass media, which are obliged for compliance with the federal laws. In 2012, the Russian Federation adopted laws purposely designed to control the Internet. These laws allow the authorities to block or restrict the access to specific websites. (2ip.io n.d.) Since then Internet censorship has come into force being controlled by the federal government agency, called Roskomnadzor. It means Federal Service for Supervision of Communications, Information Technology, and Mass Media. At present, the head of this agency is Mr Alexander Zharov.

2.6.1 Federal Law No152-FZ on Personal Data

Federal law No152-FZ “On Personal Data” must be considered when operating networking platforms in Russia. Foreign established networks such as LinkedIn, Facebook, Twitter have presence on the Russian Internet landscape, so far they do not comply with Federal law No152-FZ “On Personal Data”. This Federal Law of 27 July 2006 No152-FZ regulates activities related to the processing of personal data by Federal state government to state government bodies, etc. The federal law on “Personal Data” implies that IT foreign companies operating in Russia must ensure the storage and recording of personal data of Russian users through using databases located in Russia. According to Chapter 2, Article 15 “Right of Data Subjects Where Their Personal Data Are Processed for the Purpose of the Market Promotion of Goods, Work and Services or for Purposes of Political Campaigning”, subsection 1, recommends: “The processing of personal data for the purpose of the market promotion of goods, work and services by means of making direct contact with a potential consumer with the aid of communications facilities, and for purposes of political campaigning, shall be permitted only on condition of the prior consent of the subject of the personal data”. (pd.rkn.gov.ru 19.10.2017.)

Thus, popular professional social network LinkedIn was blocked in Russia in November 2016 for having been in non-compliance with this law. The other popular social network Facebook “can be blocked as well on the territory of Russia if it does not obey Russian laws, as it does not comply with the Russian law on the localization of Personal Data”, that was said by Alexander Zharov, Head of the Federal Service for Supervision of Communications, Information Technology, and Mass Media (Roskomnadzor). Another popular social network Twitter, in order to avoid such problems has already outlined the deadline for implementation of the law by the middle of 2018. (En.crimerrussia.com n.d.)

2.6.2 Federal Law No179-FZ on Advertising

The Federal law of 27.10.2008 No179-FZ “On Advertising”, article 18 “Advertisements Distributed via Electronic Communications Networks”, subsection 1, says, “Dissemination of advertising for telecommunication networks, including through the use of telephone, facsimile, mobile radio communications, is permitted only with prior consent of the subscriber or recipient to receive advertising”. (En.fas.gov.ru n.d.) It means that a company must receive a customer’s consent prior to distributing any marketing material; otherwise, the company is found breaching the law.

2.6.3 What Are the Mainstreams of Social Networking in Russia?

The mainstreams in Russian social network are platform VKontakte, and search-engine platform Yandex. From Konvertigo.io (n.d.), VKontakte is the largest social network in Russia, actively used by Russian-speaking consumers, and fourth most visited website in the world. Alongside with Yandex, VKontakte provides great marketing opportunities for companies engaged in trade, exports or other business activities in Russia. Marketing on VKontakte is divided into two categories: (1) organic and (2) paid marketing, i.e. content and advertising. Both of them differ from marketing done in Yandex, the one is called keyword marketing or search-engine marketing. (Konvertigo.io n.d.)

For advertising, a company X’s business must-have tool is to create a group or page on VKontakte. To get followers to the group’s page, the content of the company’s news has to be valuable, as it is going to be forwarded like a word-of-mouth marketing to followers’ friends, co-workers. Analytical tools are accessible on VKontakte, and this makes it similar to Page Insights to a feature that Facebook provides. On VKontakte platform both organic and content marketing are affordable, with the only difference in their aims. For organic marketing, the aim is to achieve a high degree of word-of-mouth among users such as shares, likes and comments. For paid or content marketing, the aim is to deliver information, promote posts about the company. VK’s content marketing is focusing on spreading events, posting messages to group members or participants, which is also similar to what brands are doing on Facebook. On VKontakte platform, advertising campaigns vary from different rank banners to video ads. What makes VKontakte different from Facebook is that the latter does not have paid-post-marketplace, which is unique to VKontakte. The paid-post-marketplace is a kind of advertisement, which helps a company to promote information pages through posts. In this case, the company has to pay directly VKontakte. Then the fee is transferred to the owners of the communities who back this hidden advertising campaign, for it is made not to look like an ad at all. The community followers see it as a regular post. The other type of ads promoted on VKontakte is known as targeted ads. These ads offer different apps on VKontakte, videos, community, external websites.

These ads are similar to the right-hand column ads on Facebook. (Konvertigo.io n.d.)

Yandex is a big media company holding about 62% market share in Russia for search engines, specific for Russia. Yandex is Russia's answer to Google. The difference between these two search engines is in their capability to rank websites. Yandex has a ranking algorithm, which accounts for the distance between words and the relevance of documents to a searcher's query. Meanwhile Google focuses on calculating the PageRank of websites. (Semrush.com n.d.) The benefit of Yandex is that of the Russian language, search generates better quality results when using keyword-ranking metrics. In 2012, Yandex opened its sales office in Lucerne, Switzerland for its European advertising clients, and the second one in Shanghai (China), in 2015, for Chinese companies that work on the Russian language market. Yandex provides a lot of services, to mention a few of them: (1) Yandex.Direct, a contextual advertisement network; (2) Yandex.Maps services; (3) Yandex.Music services; (4) Yandex.Money; (5) Yandex.Taxi; (6) Yandex.Metrica; (7) Yandex intelligent personal assistant, Alisa for Android, iOS and Windows. (En.wikipedia.org n.d.)

2.7 Digital Marketing Metrics & KPI

Digital marketing metrics and KPIs (key performance indicators) are values, which marketers use to measure and track the performance of their marketing campaigns, and to get an adequate insight of the business. Therefore, it is important that a marketer should choose specific digital marketing KPIs for business performance evaluation. Classified KPIs might be measured through a number of generated transactions, leads, new customers, etc. The following KPI' metrics are viewed as the most vital when assessing the results from a digital marketing campaign: (1) first Visit metric. This metric is a tool to understand how people find a company website and how they are engaged on their first visit. This metric identifies which traffic sources drives high quality traffic: visitors/leads. It is measured by the %MoM (month over month). (2) Returning Visitor metric, this shows the value of created content marketing and how it affects audience behaviour. This metric is measured usually on a monthly basis. (3) Brand Awareness metric helps track how people can hear about the company brand on social media and search engines. This metric has four key measures: (i) Facebook posts and fans; (ii) Twitter followers; (iii) brand mentions; (iv) branded search. Measured in percentage month over month. (4) Return on Marketing Investment (ROI). This metric measures the ability of marketing campaign to generate new revenue compared to the cost of running this campaign. Success indicators show that incremental sales are bigger than campaign investment. (5) Web Traffic Sources metric measures traffic sources from which visitors are driven to the website, as well compares each of the sources. Three traffic sources are called direct,

referral, and search. Search traffic gives information from the landing page and associated keyword ranking. Referral traffic shows social referrals, blog mentions, and service listings. If the referral traffic shows high volume, it means that the brand or website is in interest among social media sites. The other type of traffic source is generated from banner ads or paid research. (6) Click through Rate (CTR) metric measures how often the company website on an SERP (search engine result page) prompts users to click and navigate to the landing page. CTR metric is an indicator of how enticing and effective the page is. (7) Response Rate metric shows the total number of customers who respond back to the company's communication efforts. (8) Cost per Action (CPA) metric measures the amount of money invested towards driving conversion, like a whitepaper download or a subscription. (9) New leads generation metric is helpful when measuring the quantity of new leads added during a marketing campaign over a certain period. This metric is measured weekly. (10) Lead Conversion Rate metric measures how many leads are converted into actual sales. (11) Keyword Ranking Performance metric is used to measure keyword ranking and effectiveness of SEO effort at driving organic search traffic to the website. (12) Cost per Lead metric measures the cost-effectiveness of the marketing campaign. This metric gives a tangible dollar figure to see what money is spent on acquiring a new lead. This metric is used also to monitor a marketing campaign through AdWords, banner ads, social ads or the whole marketing efforts. (13) Goal Completion Rate (GCR) metric is very important as it measures the number of people who complete the company's marketing goals, when signing up for a trial or subscribing to a mailing list. This metric shows the conversion rate from awareness stage to the consideration stage, i.e. a lead is converted in a win-win status. A high goal GCR indicates that the target audience is encouraged to go throughout buying cycle. (Klipfolio.com n.d.)

To achieve the goals from the data meaningful for the business, KPIs metrics have to be measured. Measurement is done through any Webmaster Analytics accessible on a free and/or paid basis so that automated reports can be delivered on a daily, weekly or monthly basis. For instance, (1) SEO Adobe Analytics (Omniture) is a website analytics and tracking tool that allows a company to track how users enter from organic search engines and navigate a company's website. It provides details of visitors' technical and geographic data. (2) Google Analytics (GA) is a website analytics tool that provides for free detailed statistical data about age and gender of the visitors, as well about the website's traffic and conversions. It shows users' interaction with the website and website visitors' behaviour. (3) Yandex Metrica is a website analytics tool, the most common in Russia, that provides detailed statistical data, like social-demographic about age and gender, etc. of the visitors, data about the website's traffic and conversions, it can be considered Yandex's version of Google Analytics, and the major competitor to Google. It shows how users interact with the website, it tracks the progress of an

SEO or PPC campaign, as well finds areas of the site which are popular and which need improving. (Kbridge.org n.d.)

3 THE CURRENT SITUATION OF COMPANY X

The main business of company X as the dealer is selling different electric engines/motors for excavators of DE-812 type, synchronous motors for excavators of SDE-2-15-346 type, asynchronous motors of DAZO-A4 type, and circulation pumps of a D-series. The producers of the above-mentioned commodities are located in Russia. There was no disruption in delivery line so far, except for the circulation pumps of a D-series, which used to be supplied from the Ukraine. The political tension between these two countries disrupted company X business deals.

Therefore, nowadays the company X prospects China as the supplier of circulation pumps of a D-series. Russia and China have a long experience in both cultural and business cooperation. Being the second largest economy in the world and having the common border in the Russian Far East, China is viewed to become a business partner for company X in the future. For the long-term planning company X intends to enter the Chinese market in order to establish a business partnership with a Chinese producer of such a type of circulation pumps. The author intends to analyze internal and external business environment to define benefits and limits of establishing such partnership with a Chinese producer.

The following stated questions as – (1) Why is company X to cooperate with China? (2) Why are the circulation pumps needed to buy in China? - can be answered as follows:

- 1) First, today's China is the engine of the world's economy.
- 2) Second, foreign countries' investments into Chinese plants, factories bring their products to a new quality level.
- 3) Third, direct delivery of industrial equipment and commodities from China is likely to make the business profitable.

Analyses of the current situation in which company X operates are carried out through the PESTLE analysis and SWOT analysis.

3.1 PESTLE Analysis

The PESTLE analysis is a tool to identify external factors as Political, Economic, Social, Technological, Legal and Environmental. The PESTLE factors, combined with external micro-environmental factors and internal drivers, can be classified as opportunities and threats in a SWOT analysis (Free-management-ebook.com n.d.). Company X applies the PESTLE

analysis to assess the entry to the Chinese market. It will help company X to understand to which of all these factors the company would tend to be more affected by.

3.1.1 Political Environment

The PESTLE analysis starts with the political environment. As Armstrong & Kotler say (2017), “Marketing decisions are strongly affected by developments in the political environment”. The political environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society (Armstrong & Kotler 2017, 113).

The economic phenomenon of China has formed the defining feature of the “Asia-Pacific century” because China has become the major political and security actor in Asia (Iss.europa.eu n.d.).

The government of PRC inspires the Chinese industrial production. Now it is legal to have a private ownership of production assets; though, some non-agricultural and industrial facilities stay still state-owned and are centrally planned (Usi.edu n.d.). State protection is a warranty of the country’s stability and economic growth. This protection gives way to world’s companies to wholesale the commodities and industrial goods from China.

Being licensed a Chinese producer provides a quality guarantee on the exporting commodities. Being licensed means the government’s support automatically and high quality manufactured products.

3.1.2 Economic Environment

China has a hybrid economy – part marketised, part state-controlled. Chinese economy experienced sufficient growth and witnessed double-digit growth for the most of the period from 1980 to 2010. The Chinese government has a goal of quadrupling the gross domestic product (GDP) by 2020 and more than doubling the per capita GDP (Usi.edu n.d.).

Beyond that, the Chinese economy has influenced the other countries’ economy geopolitically for four decades. By now however, the rate of economic growth, inevitably has slowed down. By 2021, the CCP (Chinese Communist Party) wants to establish a middle-income country with a per capita GDP of around USD 13,000. There is a high awareness among experts that in any other comparable environment, this goal is reached together with major social and political transformations. (Iss.europa.eu n.d.)

What evident now is restraints on foreign trade were relaxed when China acceded to the World Trade Organization in 2001. Joint ventures are

encouraged, especially in the coastal special economic zones and open coastal cities (Usi.edu n.d.). Currently the increase in freight flow from China gives way to developing new transport modes both by sea and land through Mongolia, Kazakhstan, Russia, especially in the Russian Far East and Eastern Siberia, where there is the construction of the first ever railway bridge over the Amur River at the border between Russia and China. The new bridge will have a capacity of 21 million tons per year and will connect the Jewish Autonomous Region of Russia with the Chinese province of Heilongjiang. Construction of the bridge will create a new export corridor between Russia and China to overcome infrastructural barriers for cargo transportation. (EY.com n.d.) In the commodities structure of 2016 the trade turnover between China and Russia reached USD 69.5 B (Rc-infoconsult.com n.d.).

The quality of industrial products made in China is increased. In 2016, China bought 60% of textile machinery produced in Western Europe. In addition, some leading western producers of machinery began transferring their facilities from Europe to China. Beyond that, the Chinese learned to make their own quality machinery(Rc-infoconsult.com n.d.).

3.1.3 Social Environment

China has an ageing population, with a gender ration of 106 men to 100 women proportionally. This is partly a result of policy choices in the past (the one-child policies in particular). Care for the elderly, still in the hands of the family. China's pension crisis is immense. There is no effective national system.

At the 19th Party Congress in late 2017, the promotion of certain officials with a certain administrative record and profile will give an indication of just how bold China will be in trying to undertake further social, as opposed to merely economic, reform in the following five years. Securing and bolstering pensions, a healthcare and social welfare system and related livelihood provisions are hugely expensive undertakings and will involve significant deployment of resources – something made even more challenging by the slowdown in GDP growth and wealth creation. (Iss.europa.eu n.d.)

Nevertheless, strong CCP legitimacy is essential to keep an educated and increasingly prosperous middle class on board.

3.1.4 Technological Environment

According to Armstrong & Kotler (2017), the technological environment is perhaps the most dramatic force now shaping our destiny. Technology has released such wonders as antibiotics, robotic surgery, smartphones,

and the Internet. New technologies can offer exciting opportunities for marketers (Armstrong & Kotler 2017, 110).

In China, today's industrial plants are distinguished with their high efficiency, accessible force-labor, and big investing in them makes Chinese industrial products very competitive on the external markets. Many Chinese companies work by the licenses of world's production leaders. Their industrial equipment is ranked to analogues of western development in technology. At the current stage of economic development China excels in technology absorption – it makes money by applying technologies developed in other countries in its huge market. The high number of IT startups in China proves its innovation capacity. The IT sector is one of the truly national markets offering massive economies of scale. Innovation on this scale in the Chinese IT sector means creative destruction and therefore disruption. (Iss.europa.eu n.d.)

3.1.5 Legal Environment

China has resisted any attempt to create a federal system. Under Party-State leader Xi Jinping much more clear-cut and ambitious policy concerning social governance are put forward, which means that social control and oversight are prioritised at the expense of the laissez-faire approach. Any potential opposition to the ideational and organizational monopoly of the CCP – including bloggers, journalists, lawyers, social scientists and non-governmental organizations with cross-regional links – has systemically persecuted or co-opted. (Iss.europa.eu n.d.)

“Western” concepts of political order, like universal values or constitutionalism, have been banned from discussion in the Party, the media and the education system. The so-called Social Credit System (SCS) is based on collecting data from individuals and companies to track and affect not only economic honesty and credibility but also social and potentially political behaviour.

As social and economic activity increasingly shifts to or at least becomes anchored in the Internet, information and communication technology (ITC) offers the CCP vast potential for surreptitious control and monitoring. The capability of the CCP to maintain control over society depends mainly on two factors: first, continuous, stable economic growth to finance social welfare programmes and justify its paternalistic governance – including tight control over society, strategically important companies and the security apparatus; and secondly, a unified party apparatus to effectively implement relevant decisions and to control information flows and their interpretation as linked to narratives of stability, wealth and power. (Iss.europa.eu n.d.)

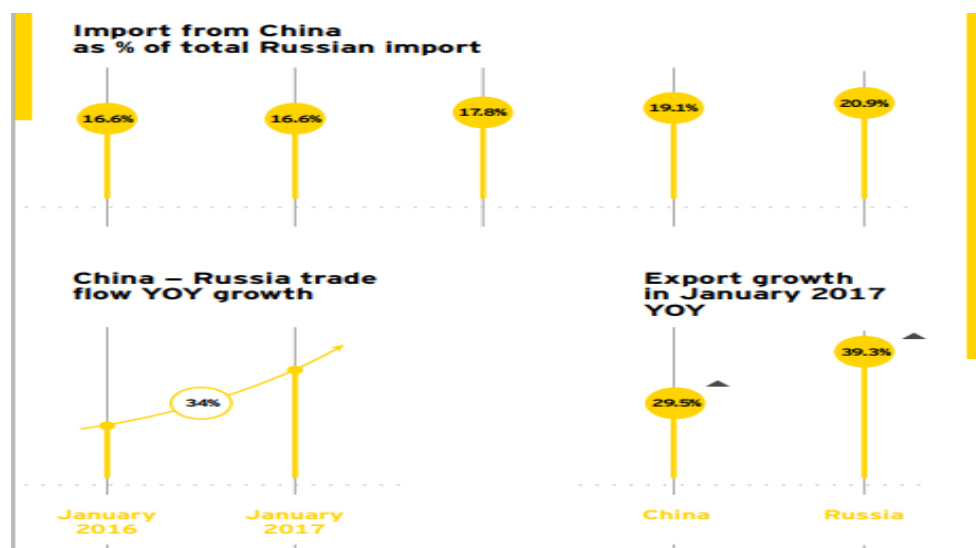
China remains a highly centralised country in terms of tax-raising powers.

The dominance of large, ineffective and indebted SOEs (state-owned enterprises) is conflicting with unleashing market forces, as China is not aiming for privatisation; SOEs are supposed to remain state-controlled (Iss.europa.eu n.d.).

3.1.6 Environmental Issues

Climate change and environmental damage have had an immense impact on China. Four decades of intense industrialisation have degraded air and water quality. Chinese urban centres have been blighted during Xi Jinping's presidency by appalling thick smog, with adverse consequences for the health and quality of life of the emerging urban-dwelling middle class working in the service sector. China is getting more and more urbanized, and this has been a consistent characteristic of the reform process. It is expected that by 2027, as many as 70% of Chinese people will live in cities. The vast urban centres are stretching from Beijing to Shanghai and the Pearl River Delta in the South. These areas will get fundamentally unsustainable if there are no better supplies of water, and better air. The 19th Party Congress of China is likely to reinforce the political priority placed on environmental concerns. (Iss.europa.eu. n.d.)

Taking into consideration this external analysis and long-life cultural and business experience, Russia and China continue to strengthen their ties in cooperation, with given priority to strategic sectors such as oil and gas. In these sectors, China owns shares in strategic projects, such as Yamal SPG, and buys oil and gas from Russia. It was reported in the EY-magazine (2017) that in January 2017, Russia became the biggest crude oil exporter to China, leaving Saudi Arabia behind. The early statistics of 2017 identify rather greater progress in partnership between the two countries: in January 2017 alone, trade flows between China and Russia increased by 34% YoY. China-Russia exports increased by 29.5% YoY, up to USD 3.41B in January 2017, while Russia-China exports increased by 39.3%, up to USD 3.14B in the same period. (EY.com n.d.)



Source: EY-china-and-russia-2017

Figure 5. China-Russia trade flow.

The Russian current policy is developed towards its “turn to the East” state policy, with respect to expand cooperation with the Asian region, and with China, particularly. Each of the two states has made viable country-level progress in respect of economic cooperation. However, despite that there remain considerable challenges in businesses for state-owned and private enterprises (EY.com n.d.).

All the analyzed factors of the PESTLE analysis prove company X’s interest towards its prospective Chinese partner will be bolstered if the company dares to start a business with the Chinese on the prospected field of importing the industrial equipment. The entry mode might be viewed on the base of direct exporting mode from a Chinese manufacturer to the buyer. It might be operated either in Zeguo Town, Wenling City (China Mainland) or Shanghai.

3.2 SWOT Analysis

By Kotler (2000), “The overall evaluation of a company’s strength, weaknesses, opportunities, and threats is called SWOT analysis”. In the words of Ferrell (2011), SWOT analysis is one of the most effective tools used when analysing environmental data and information, as SWOT analysis involves classifying data and information into strength, weaknesses, opportunities and threats. A SWOT analysis encompasses both the internal and external environments of the firm (Ferrell 2011, 120). As well as a SWOT analysis can help company X uncover competitive advantages and as a result establish the strategic focus and direction of the marketing plan.

3.2.1 SWOT Analysis For Company X Business In China

SWOT analysis is conducted for one product category, i.e. for circulation pumps of a D-series. Formerly, the supplier of these pumps was Sumsk “PumpEnergoMash” Plant (Ukraine). The political tension between Russia and Ukraine disrupted this channel. Company X is challenging now with a new perspective for recovering this distribution line. Competitive analysis on current manufacturers of such a product in Russia defines a number of them, to mention just a few:

“ElectroAgregate”, in Voronezh (www.elagr.ru)

“PromEnergoMash”, in Penza region (nasos-58@yandex.ru)

“ElectroGidroMash”, in Moscow (www.nasos-egm.ru)

“HydroMontazhKomplekt”, in St Petersburg (www.gmk-nasos.ru)

The offered price on their circulation pumps of a D-series exceeds company X budget limits, selling price starts from 850 000 roubles per item. Investigating the alternative of a Chinese supplier, company X needs to establish a beneficial supplier chain between Russia and China with one of following Chinese manufacturers:

Zhejiang Dayuan Pumps Industry (<http://www.cccme.org.cn> En.0430.com n.d.)

Shanghai Pacific Pump Manufacturer(<http://www.pacificpumpgroup.com> Pmpump.com n.d.)

Due to limitation of the thesis frames, the author is not investigating benefits and limits of such business partnership, as it involves a considerable investment into the market entry research, and creating both recruitment and communication plans. The author marks only the guidelines of such opportunities for company X business development. In this respect, the matrix of SWOT analysis can have the following look. In the internal environment, company X's Strengths and Weaknesses are projected to be:

Strengths:

- Speed of decision-making is high due to the urgency of finding a trustful supplier in China.
- Prices to buy the needed pumps are reasonable if compared with the local manufacturers.
- Banking conditions are relevant if PayPal system applied

Weaknesses:

- The local pump manufacturer in Russia is too expensive. Therefore, company X needs to search for a local pump manufacturer/ supplier in China. This is of a priority level and needs a special awareness on what guanxi is.
- Communicating language can be a barrier. Therefore, the interpreter help is needed.
- Due to crossing borders, logistics can be costing.
- Establishing a long-term partnership involves long certification procedures. In addition, they are time-consuming.

From the point of external environment company X's Opportunities and Threats are viewed as the following:

Opportunities:

- Chinese internal market of heavy industrial commodities is very large.
- There are few Pump industrial enterprises located in China Mainland. Demand for different pumps applied in industrial and household spheres is high.
- Company X can focus on circulation pumps of a D-series for a Chinese manufacturer to produce.
- It can give company X a possibility of long- term planning.

Threats:

- Cultural differences between Russia and China are extremely high.
- Legal regulatory issues are inconsistent with the Russian traditions.
- Authoritarian style of management is prevailing
- Copyright protection problems are possible
- Uncommon distribution model may take place

With all these countable issues and a carried out survey and face-to-face interview described in more detail in chapter 4, the conclusion on company X current research situation comes out as promising, however, with a 50% risk involvement, but worth making a go. (Survey Questionnaire and Face-to-Face interview are attached in the Appendices 1, 3 respectively).

4 OPPORTUNITIES AND CHALLENGES

In this chapter, the author of the thesis analyses the internal environment in which company X operates currently, and estimates some opportunities towards digital remodelling of the company. So far, company X has the only offline services and delivers the industrial products of the manufacturers through the traditional distribution channels, i.e. outsourcing logistics.

This way of business operation is being out-fashioned in this rapidly developing Information/Digital Age. How long this traditional for company X business operation can still exist is the question of priority. If company X does not remodel its business mode in proper time, the company's business development may stagnate one day. Therefore, the author believes that remodelling the business of company X in digital is getting urgent. To be sustainable in the very competitive world company X needs to master the five key components of effective online marketing, i.e.:

- 1) To build awareness of company X.
- 2) To build communication and/or distribute information. Communication is built through information distribution. Information is about product, pricing, service, place, value, competitive value, photos, videos, etc. Communication is also served as a way to show the value which a company can provide to customers, both current and prospective (Lorrie 2011, 5).
- 3) To build connection. Connection is the link between a company and customers. Such factors as "know, like, and trust" are results of successful marketing and the way to attain connection. On the Internet, the built connections are shared by positioning expertise, evoking passion, distributing content, using video, blogs, etc. (Lorrie 2011, 5).

- 4) To provide service. In online marketing, service comes first then goes selling. If a company provides service support to customers efficiently, it will help to generate new sales and cultivate repeat sales. Therefore, online marketing strategy needs to have website, e-mail, social media, blogs and more (Lorrie 2011, 5).
- 5) To generate sales. Online marketing is a great tool to build relationships, generate and close sales.

In respect to existing theory and the five key components of effective online marketing, company X needs: (1) to build the right relationship with customers if it will be B2B (business-to-business) marketing or B2C (business-to-consumer) marketing, and utilizing quite modern P2P (people-to-people) relationship-centric marketing; (2) to maximize relationships, starting with increasing awareness. The advantage of online marketing is in its lower cost than of traditional marketing media. There are several online marketing methods. They include online advertising, online PR, paid search, search engine optimization (SEO), e-mail marketing, social media, and affiliate marketing. The author gives preference to SEO, e-mail marketing and social media. According to Th. Lorrie (2011), SEO is a mix of site architecture, use of content, linking, frequency of content, popularity. In the Russian Internet space, Yandex generates the search results. From SimilarWeb analytics of 2017 (similarweb.com n.d.), Top Websites in the Russian Federation include VKontakte (vk.com); Yandex.ru; Google.ru; Ok.ru (Odnoklassniki); YouTube.com; Mail.ru; Google.com; Avito.ru; Aliexpress.com; News.yandex.ru; Facebook.com; Instagram.com; Wikipedia.org etc. For SEO, blogs are considered a powerful driver. As Th. Lorrie (2011) says, "The way blogs are coded (their architecture), the frequency of content added to blogs, as well as the linking built into blog in the overall online marketing strategy to boost awareness, communicate, connect, serve customers, and support sales". A blog is also a powerful source of information. If the blog content includes a company's news, like information about products, events, company's values, it will help to increase search visibility.

Social media is another powerful tool. Such powerful channels of social media as Facebook, Twitter, LinkedIn, VKontakte allow people to speak about a company, discuss the company's position, recommend its products, share reviews and give feedback. These channels, according to Th. Lorrie (2011), "are two-way conversations that support P2P marketing, allowing organizations to listen, understand, educate, and share valuable information about products or services". Consumers today are more conscious and empowered, and they vote with their wallets. Consumers need to know, like, and trust before they buy (Lorrie 2011, 9).

4.1 What Are The Preferable Ways of Remodelling in Digital?

The author takes the SOSTAC planning framework to be used for remodelling company X structure. SOSTAC means S - situation; O – objectives; S – strategy; T – tactics; A – actions; C – control. Each of the stated meaning is formulated as the following:

- 1) Situation - Where are we now?
- 2) Objectives – “Where do we want to be?” What do we want to achieve through online channels and how they combine with physical channels, what are the benefits?
- 3) Strategy – How do we get there? Strategy summarizes how to fulfil the objectives. What online value propositions (OVPs) should we create, and what propositioning should drive the overall marketing mix and propositional mix, right down to the different contact strategies for different segments, and which digital media channels should be selected? Company X employs B2B marketing strategy. The social media tools such as Facebook, VKontakte and Twitter are preferable channels to communicate with prospects.
- 4) Tactics reviews the tactical tools and the details of the marketing mix, and then comes the communications mix, which the author needs to select.
- 5) Actions – which action plans are required to implement strategy?
- 6) Control – how do we manage the strategy process? (Looks at how you know if your e-efforts are working and what improvements can be made). (Chaffey 2017, 4.)

Utilizing SOSTAC, the author follows in its steps, and by investigating the internal aspects of company X environment, creates a development plan how company X can be remodeled in digital.

4.2 Development Plan For Company X To Be Remodelled In Digital

Development plan is going to be a reflection of all the five stages from the SOSTAC planning framework. The plan needs to be thought of, and can be utilized within the Regulation Laws on social media functioning on the Internet in Russia.

4.2.1 Situation: Where Is Company X Now?

Although company X does not have any website and online visibility yet, it strives to attain both in the future. The future develops from the

present in which company X is working now under the Laws of the Russian Federation. Therefore, it is very important to know what communications regulations are in force in Russia's online landscape today. Russia's communications regulator, Roskomnadzor, said, "The social network must store the personal data of Russian users on servers within the country if it wants to stay online" (Yahoo.com n.d.). The amendments to federal law No152-FZ approved by President Vladimir Putin in 2017 went into effect on August 10, 2017. The head of Roskomnadzor Alexander Zharov told that, "Facebook runs the risk of being blocked in the same way LinkedIn was last November, 2016". On 25 December 2016, Roskomnadzor blocked LinkedIn on the territories of Russia. (Commons.wikimedia.org n.d.) According to data from VentureBeat, Facebook is one of the most popular sites in Russia where with the population of 144 million people, 14% of Russians use Facebook (Venturebeat.com n.d.). SimilarWeb did ranking of Russia's top 10 websites of 2016 (gva.vc n.d.). The most popular are listed as follows:

- Vkontakte (VK) is a local social media site. It is the most popular website in Russia as it connects people with their friends, family. It is called Russian Facebook. VK offers also entertainment services for users. They may create playlists of videos and music.
- Yandex is a leading search engine in Russia. It is so far the second most popular website because it is built on the Russian language and algorithms. It is the largest media company in Russia. Apart from being used as a search engine, Yandex offers its users different services, such as checking their mails, maps, music, videos, photo storage, order tickets, do shopping on Yandex.Market, drive by Yandex.Taxi, Yandex is used instead of PayPal with its Yandex.Money service (Ewdn.com n.d.).
- Odnoklassniki (OK) is similar to VKontakte as it functions like VK and Facebook. This local social media site connects users with their friends, but the audience is older (the age is 35+) than that of VK (the age is of 18 to 24).
- Mail.ru is the local version of Yahoo or AOL. Besides its very popular mailing service, it provides search, news, weather for its users.
- YouTube is also popular. It has the local version called RuTube, on which users share videos.
- Google is an American search engine. In 2004 Google moved to Russia. It has been adapted to the Russian language with its new domain name Google.ru. In 2014 Google introduced application to mobile devices on Android platform which turned Google's position to the number one search engine on mobile (Ewdn.com n.d.). With the mobile application Google.com goes ahead its local competitor Yandex.
- Instagram is also a popular website to share photos.
- Facebook, according to SimilarWeb, does not have a strong presence in Russia. By SimilarWeb analytics, just 13.7% are using Facebook on their phone. SimilarWeb concludes, "Russian websites are still at the top of the list, while popular western sites such as YouTube,

Facebook, and Google are not so popular in Russia if compared with other countries” (Gva.vc n.d.).

Summarizing this subchapter, the author supposes that company X can utilize the following internet resources:

- Three social media channels such as Facebook, Twitter and YouTube.
- The website with search engine of Yandex and/or Google on RuNet platform.
- E-mailing service through Mail.ru, Yandex.ru platforms.

4.2.2 Objectives: Where Does Company X Want To Be?

Company X wants to be digitally visible on the Internet portals across Russia. In the words of Kipp Bodnar (2012), “The B2B sales process is all about relationships”. Maximizing relationships, company X needs to state few objectives to reach the goal of becoming digitally visible for an Internet audience.

- Objective 1: Raise Company X awareness in two months.
- Objective 2: Find prospects through data mining, capture their attention and retain their engagement in three months.
- Objective 3: Generate leads through media content in four months.
- Objective 4: Lead the converted to buying cycle in six months.

4.2.3 Strategy: How Does Company X Get There?

In simple words, a strategy is just a plan of actions in order to achieve a desired goal (Blog.hubspot.com n.d.).

To objective 1, the strategy is to create a website for company X. The website as the information base provides visitors with the catching information about products, prices, company X’s competitive values.

To objective 2, the strategy is to open a landing page on the website and Facebook which helps data mining. The landing page captures attention of visitors as it will offer them further detailed information if they fill in a registration form. A visitor is expected to leave some contact information about him/her-self. In B2B this landing page is a form to be filled in exchange for an offer. It has become so evident for B2B companies that search engines really drive valuable qualified traffic to the websites. For retaining the engagement with visitors, the strategy is to use intensively social media channels, such as Facebook, VKontakte, Twitter and YouTube. Social media plays a large role in the ranking of search engine results. According to Bodnar (2012), Social media is often used as a platform for educating prospects through content and relationship, and generate leads.

To objective 3, the strategy is to develop social media content through blog posts, tweets. Generating leads with social media can be increased in two ways: (1) by increasing the amount of traffic to a landing page; (2) by increasing the conversion rate of a landing page to enable more of the visitors to become leads. (Bodnar 2013, 14.) In the other words, there must be an increase of traffic and leads from search engines to company X website. Blogging helps generate a lot of new inbound links to the websites (Bodnar 2012, 33). Therefore, blogging needs to have regular content with company X industry issues, and partners' or vendors' inbound links. It will be the way to build online public relations (PR). The power of sharing information in a simple way belongs to Twitter. According to Bodnar (2012), Twitter's core concept is the extension of simple, short messages throughout the users. In Twitter, users do not need to get any approval to follow any other user. Through Twitter company X's account can be discovered and followed by prospects online. Thus it shows what people can talk online about company X on the daily basis. Tweets also can offer and link to the company X landing page to generate leads. Although, it is said that Roskomnadzor is threatening to block this resource in Russia at any moment as it did with LinkedIn in 2016. (Rt.com n.d.)

To objective 4, the strategy is to use e-mail marketing, short video sharing on YouTube, advertising banners and mobile marketing through Facebook. Advertising through Facebook means to buy eyeballs. It is considered to be the cheapest way of advertising. An advertising banner offers a product or service similar to the one a prospect is seeking. By clicking the banner links visitors are directed to company X e-commerce site (Korper 2001, 52). According to Email Statistics Report, 2017-2021, Email use continues to grow as other methods of interpersonal communication, such as instant messaging, social networking and chat. Email continues to see strong use in the business world, too. (Radicati.com n.d.) In the words of Kipp Bodnar (2012), "An e-mail sign up is a common call to action (CTA) for B2B marketers." Getting a permission to contact subscribers of company X's landing page or Facebook page by sending e-mails to them, accordingly to federal law No152-FZ, can move prospects further throughout the buying cycle. According to Bodnar (2012), E-mail isn't only for lead generation. E-mail can also shorten the buying cycle. (Bodnar 2012, 151.)

4.2.4 Tactics

Company X's tactics are developed as follows:

- 1) Increasing the traffic to company X website by organic SEO from deployed platforms such as VKontakte, Facebook, Twitter, YouTube in order to reach the top 10 level in Yandex.ru and Google.ru portals in two months.

- 2) Building links by blogging on Twitter from adding 10 new inbound links to the company X website in three months, with 10 per cent increase each second month from the start-up of the marketing campaign.
- 3) Increasing a community to company X on Facebook landing page of business group by 100 subscribers in three months.
- 4) Changing the product selection on landing pages of the website, Facebook and in company X e-catalogue every week
- 5) Creating an advocate audience for company X on social media platforms of VKontakte, Facebook and Twitter, with 10 per cent increase in three months to start with 10 followers.
- 6) Using a list of unified keywords in the number of 30 for SEO monthly, applying them in blog posts on Twitter & VKontakte, on landing pages of Facebook and website for lead generation offers, and in social media content, reaching 5 per cent increase in conversion from traffic to leads in four months. Such keywords might be circulation pumps, asynchronous electrical engines, best price, high quality, 24/7 service.
- 7) Sharing the content related to circulation pumps of a D-type series and asynchronous motors of DAZO-A4 type on YouTube, Twitter by tweeting company X's blog posts to its followers twice a day, and iterating the content by shuffling keywords in a new combination at the end of each month.
- 8) Sending e-mails newsletters to prospects and customers accordingly to a subscribing list once a month and 4 weekly e-mails containing one tip each time so that a recipient could gain 4 tips, like a unique selling proposition being used for their benefit throughout the buying cycle. A whole bunch of 4 tips can guarantee a total refund fee if the purchased item is defected.

4.2.5 Actions

To reach the stated goals, company X takes the following actions listed below:

- 1) For raising awareness of company X's name:
 - Create the website with the domain name, perfectly, company X's name in the zone of RuNet, on the biggest Russian hosting server as Sprinthost.ru or Mchost.ru (Dolina.Coda.ru n.d.)
 - Design the catching landing page of company X offers on WordPress service platform and connect it with the e-catalogue of company X products and online storefront.

- Create a Facebook landing page with company X latest offers of circulation pumps of a D-type series and/or asynchronous motors of DAZO-A4 type.
 - Create a video content on YouTube with the influencer industry expertise advocating the best practices company X utilizes in distributors business of circulation pumps and asynchronous engines.
- 2) For data mining:
- Create an information site on VKontakte & Facebook groups' business page of circulation pumps and asynchronous motors, and add a sign-up form for an email permission from a prospect, being compliant with federal law No179-FZ, as well as create a blog with the name about circulation pumps and asynchronous motors on Twitter with e-mail share button on blog posts.
- 3) For generating leads:
- Send e-mails to a target audience and segmented list of prospects who are interested in company X offers and latest news.
 - Include in e-mail marketing sent with tips each time an additional offer which helps convert the leads. This offer can include a discount percentage for the first query about the purchase. This offer can be shared in updates on VKontakte & Twitter.
 - Inform Twitter followers about company X e-mail newsletter once a month and post a link to it.
- 4) For reaching the buying cycle:
- Make a short film about company X and its distributor's business with the interview taken from one of the industry experts of the affiliate industry.
 - Share this film on YouTube or Facebook video to a target audience.
 - Provide a value-added service like 24/7 online support, FAQ listings, follow-up communications and product support of an expertise after closing sales, and hotline customer service.

4.2.6 Control

To see what results company X can get from these online marketing campaigns, the company needs to review the analytics from its websites, employing different tools of Webmasters, either Google Analytics, AdWords or Yandex Metrica. The reviews are delivered in the form of a monthly report generated on Dashboards. Dashboards widgets summarize the statistics from the website in the form of a table and on a graph. Yandex. Metrica counter's code snippet inserted in the webpage contents tracks users interacting with the webpages. So, First visit metrics inform company X how people can find its website, from which track, either e-mail engagement, or organic search. Returning Visitor metric indicates company X with the value of content in Twitter blogs. Brand

awareness metric emphasizes what is talked about company X on VKontakte, Facebook posts, Twitter. Such metrics as ROI (Return on Investment) and ROAS (Return on Adds Spent) show lead generation accounts, as well as CPC (Cost per Conversion) informs company X about a number of leads brought to win conversion from landing pages of Facebook and website. Keyword Ranking Performance tells about effectiveness of SEO efforts when the organic search traffic is driven to company X website. And a very important metric as GCR (Goal Completion Rate) shows how many people signed up for a trial during company X's marketing campaign on VKontakte, Facebook, Twitter and subscribed to a mailing list, as well as shows the conversion rate of the whole process from awareness stage to the buying cycle stage .

Summarizing the SOCTAC planning frame-work stages of the presented development plan, the author thinks it can be implemented on the condition of R&D investment and IT expertise subcontracting. Perhaps, writing blogs for Twitter a blogger service needs thinking of. Making a short film with the interviewed expert may cost a lot, but considering the effect of viral marketing cannot be discarded either.

4.3 Introduction To The Primary Data

The present thesis is comprised on the basis of desk research, one survey and five interviews. The survey with the quantitative and qualitative data collected from the questionnaire of 15 questions was conducted on Google. Drive platform with the help of Microsoft Excel generated by Google Analytics, and was held among people who have ever had any experience with the Chinese either in their business or in real-life contacts. This survey was organized for the mere purpose to discrete adware and malware on a business with the Chinese. Apart from, company X might be interested in extension of its market by importing certain industrial products from China one day.

The interviewed respondents were acquired from the author's personal contacts: one interview on Face-to-Face base; four interviews by telephone calls. In the Face-to-Face interview held on 10 August 2017, the author was lucky to meet the President of Metal Flow Corp., Mr Robert Knittel, residing in Holland, state Michigan, USA. In 2015 his company established the affiliate of Metal Flow of a deep drawn stamping facility in Wuxi, China (metalflow.com n.d.). The other four interviewed respondents, CEOs of different enterprises located in St Petersburg, Russia, were asked to answer 10 questions by telephone call; the author did it on September 29, 2017.

4.4 Questionnaire and Interview Results

Questionnaire and interviews being integral part of the research for this thesis are used by the author to understand how to realize a long-term plan to digital transformation. Albeit, company X has gained its offline high reputation of a dealer in the chain of supplier-consumer among its strategic partners, but new perspectives of creating customer added values by means of digital remodelling are taken for granted as well.

4.4.1 Questionnaire Results

The survey questionnaire included questions to segment (1) demographic variables, such as gender, age, household income, nationality, education; (2) geographic variables, like urban, suburban, rural, and (3) behavioural variables based on respondents' knowledge of Chinese markets, their attitude toward business with the Chinese, what kind of benefits a Chinese market can deliver. At the end of the survey a respondent was asked to share his/her personal opinion, recommendation about their perception of having business with the Chinese.

The survey was distributed online to 18 respondents; however, the author got only 16 responses. This statistics is good, as it is equal to 88% of all the involved. Among the respondents, there were 6 women and 10 men. The majority (81.3%) indicated Russia as the country of their origin, their annual income does not exceed 17,000 euro. 81.3% of the respondents live in cities, 68.8% having higher education of the University level.

Most of the respondents (81.3%) have had a business experience with the Chinese. The size of the Chinese market attracted six respondents, while five respondents preferred reasonable prices, three respondents found abundance of goods variety more important to them, the other two variables, such as attractiveness of high technology and high return on investment were distributed equally, as to 6.3%. Nine respondents think that the Chinese market remains attractive, six believe it will be high attractive, but the two consider it to be risky. The majority of respondents recommend working on a long-term contract. The perception of e-commerce in China was evaluated from highly positive (31.3%), to positive (25%), with great potential (25%), 18.8% - of hard to estimate, and 0% of a negative effect. The distribution of percentage on e-commerce in Russia prevailed in hard to estimate sector with 56.3%, equal to nine respondents, three respondents thought positively (25%), four – highly positive, and two – with great potential. In the question (13) on assessing the guanxi, the majority chose a quite important variable, i.e. 9 respondents or 56.3%. On the scale of how much trust in business one can rely on with the Chinese, the majority (37.5%) chose 4 grade from 1 to 5. The last question, No15, was not obligatory, but some recommendations are valuable to use, such as: direct contacts with a

manufacturer, personal contacts, direct presence in the field, solid long-term relationship, reliable partners, to be open-minded with a Chinese partner.

The questionnaire and results from the survey are attached in Appendix 1 and Appendix 2, respectively. Summarising of these results is presented in the Recommendation chapter.

4.4.2 Interview Results

The face-to-face interview was held on 10 August 2017, when Mr Knittel was visiting St Petersburg on a three-day cruise ship “Azamara Quest”. The President of Metal Flow Corp. was asked 8 questions about his business activities in China (Appendix 3). To the first question about the business the Metal Flow Corp. has, Mr Knittel said that it was deep drawn and progressive die stamping for automotive industry. Mr Knittel continued that the company had been interested in the Chinese market for about 15 years. The interest was raised towards perspective opportunities for the enormous market in China with the biggest labour force which was rather cheap in the beginning of 2002. Answering the third question about difficulties in establishing a partnership, Mr Knittel agreed that it did not go smoothly in the beginning, and it demanded a lot of stamina to go through all governmental and legal issues, then it took years for training the local personnel to work accordingly to western standards of customer-centric and quality driven values. Therefore, it took 15 years for the company to launch Metal Flow Corp. affiliate in China. Prior, one of the engineers from Metal Flow Corp. went to China to find an appropriate field for the company expansion, and it happened to be Wuxi in Jiangsu Province, PRC. Later that engineer became a plenipotentiary representative in Metal Flow Precision Deep Draw Technology (Wuxi) Co. Ltd. Asking the question about the present quality the Chinese affiliate produces nowadays, Mr Knittel answered that he was very satisfied with it and added that products were exported to Estonia from where they were being distributed all over the EU. In conclusion Mr. Knittel gave some recommendations, such as to work on a long-term contract, to comply with all governmental laws and legal regulations. The questions are attached in Appendix 3.

The author also interviewed four business partners to company X, i.e., Mr Chistyakov Aleksandr Igorevich., Director of SnabResurs Co. Ltd.; Mr Kovalenko Vladimir Petrovich, Director of TechnoPark Co. Ltd.; Mrs Startseva Olga Anatolievna, Director of the Trading House “Industrial Technologies”; Mr Chistyakov Aleksandr Livovich, Director of the NPO (Scientific Research Enterprise) MMEZ “Energy” Co. Ltd., with the questions being attached in Appendix 4. These interviews were held on September 29, 2017 by telephone. In the interview with Mr Aleksandr I. Chistyakov, Director of SnabResurs Co. Ltd., the respondent said that they did not ever have any complaints on company X delivered items since

2015 when they began their business cooperation. Mr Chistyakov A.I. emphasizes that his company used to buy DC-electric motors of EKG-8-10 Excavators types. The Director of SnabResurs Co. Ltd. added that his company was using mostly very popular Internet portals in Russia like Yandex.ru and Google.ru. So far, any business deal between his company and company X was formulated on the basis of a commercial proposal/offer. Answering the question if his company would like to find any accessible information about company X products on the company website, Mr Chistyakov A.I. agreed that on the one hand, such opportunity would speed up his making decision, and on the other hand, he stressed that making decision to buy such types of industrial commodities needed formulating through a personal contact with a specialist. Concerning the question about the online-shop, his attitude was very cheering. The banking transaction between these two companies is operating via Central Saving Bank of the Russian Federation, in short, Sberbank. The PayPal system is not very familiar to both and is out of the question at this moment.

The second respondent from TechnoPark Co. Ltd., Mr V. Kovalenko, is the Director of the bigger dealers' company than company X is. They used to sell electrical motors to company X since 2014. Their preferable Internet portals are Yandex.ru and Google.ru. In the opinion of Mr V. Kovalenko, company X needs to create the website as it would synchronize both companies' searches, for their cooperation could become more efficient, and opening an online-shop would increase company X online visibility. Both companies use VTB bank (International Trading Bank of Russia).

The respondent from Trading House "Industrial Technologies", Mrs Startseva added that they had been cooperating with company X for three years. They are Buyers of asynchronous motors of DAZO-A4 type. To Mrs Startseva's mind, it is high time company X needs the website, through which any ads, business offers, products catalogue could become accessible, and buying in company X storefront would be pleasant through the accessible products catalogue. Business transactions are done via VTB bank, as PayPal system is not traditional.

The last interviewed respondent from NPO MMEZ (Mechanical-Electro-Machinery Plant) "Energy", Mr A.L. Chistyakov, is planning to purchase asynchronous motors for transportation cranes from company X. He thinks that searching for these commodities can be both through the website of company X and on the basis of commercial offers sent by e-mail. The Director of this Plant added that e-commerce could be a good perspective of buying immediately from the online-shop of company X. However, banking transaction is preferred via Sberbank.

To sum up the interview results, the author of the thesis can conclude:

- 1) The respondents support the creating of company X website.
- 2) The preferred searching Internet portals are Yandex.ru; Google.ru

- 3) They are ready to buy company X's products from the online-shop establishing the B2B communications channel on the e-commerce platform.
- 4) Banking transaction is either via Sberbank or VTB bank, not PayPal system yet.
- 5) Extension of company X business to China can be taken into consideration after in-depth-analysis and benchmarking.

4.5 Opportunities and challenges

Reviewing the current digital trends and benchmarking the best practices on digital marketing, this subchapter discloses some of these examples to be taken into consideration by company X on its way to digital remodelling.

In the book "Marketing: An Introduction", Gary Armstrong & Philip Kotler (2017, 457) describe Samsung Electronics practice to engage customers globally via social media marketing. The author of the thesis believes that it can be a good example how Samsung's customers are interacting directly with the company and each other on the company's many websites and mobile-based platforms, like Facebook, Twitter, and YouTube, placing the company at the forefront of social media marketing. Its Twitter had more than 10.9 million followers by the end of 2014. In addition, more than 41 million people "like" its Samsung Mobile Facebook page, placing the company far ahead of competition (Apple does not have an official fan page) like Blackberry (28 million), Amazon (26 million), and Sony (23 million). Additionally, the "Samsung Mobilers program" is used by the company as another tool to enhance brand awareness and engage customers. (Armstrong & Kotler 2017, 457.)

Alibaba, an e-commerce giant in retail, is another excellent example of online shopping in China. This platform gives a great opportunity for a lot of Chinese people who live in the second or third-tier cities to buy online and do it even cheaper than to buy in their local stores. Shoppers are spending over 600,000 billion dollars online every year. The way Alibaba works is like a marketplace where buyers and sellers can connect. What Alibaba did to unleash the power of e-commerce in China was to come up with a payment system that was easy to use and would be trusted by both buyers and sellers that is the so-called Alipay secure digital payment system for cured China's huge online payment. Today, Alibaba combines in one ecosystem the e-commerce and social network equivalents of Amazon, eBay, PayPal and WhatsApp. (Gorbunova & Gorbunova 2017, 7.)

These two examples show the models for the company's further upgrading towards digital remodelling. As an opportunity, mobile apps can be integrated with the ecosystem of company X website, social media channels, online-shop just taking another chance on personalized engagement with the customer.

Company X's challenges are likely to get greater integration of all employed digital platforms such as e-mail, mobile and social media into online and offline campaigns with particular regard to getting a consistent message and a cumulative effect on the consumer engagement.

5 RECOMMENDATIONS

This chapter contains a list of recommendations which can help to solve the problems company X will face on the way towards digital remodelling. Recommendations are composed on the research methods approaches, i.e. theoretical and empirical. As the author of the thesis is interested in organic development of the own company, some generic ideas as a toolkit are suggested both for company's extension and digital revolution.

5.1 Recommendations in Possible Extension to China

The research of existing theory has empowered the author with the knowledge of current digital trends and methods of online marketing to be considered when planning company X remodelling in digital. The variety of digital platforms offered to the digital market can contribute to construct a long-term development plan. Digital marketing as a cheap way of connecting people and businesses all over the world has revolutionized the methods of doing business. Digital transformation has made businesses transparent and connected worldwide. Application Programme Interfaces (API) have turned communications through the Internet into ecosystems when different smart-mobile devices are integrated with social media platforms, such as VKontakte, Facebook, Twitter, YouTube, Instagram, etc. The interaction between people has become intensive with the tendency to "two-way conversations". The Internet high technologies allow people to work in real-time and at a distance. Like augmented reality (AR) enables people to establish online businesses without their physical presence in the field.

In respect of this and due to the empirical research conducted by the author on possible extension of company X business to China aiming to resolve one of the current problems, the author suggests the following recommendation:

- As company X has got a disruption in the supply chain of circulation pumps of a D-series type and asynchronous engines of DAZO-A4 type from Ukrainian Sumsk "PumpEnergomash" Works because of political tensions between Russia and Ukraine, the emerged problem of blockage on the traditional supply chain can be resolved by searching

for a new supplier. The carried out situation and SWOT analyses of Russian-Chinese business cooperation have shown just a guideline, but in-depth-analysis would be a good supplement to primary data acquired from a survey and face-to-face interview. As well as to overview cultural dimensions proposed by Geert Hofstede such as Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation and Indulgency of China vs. Russia would be necessary to investigate in case company X will make a determined decision on penetration into the Chinese market for purchasing these industrial products.

- If this decision is made, a direct contact with Chinese manufacturers of circulation pumps of a D-series type either in Zhejiang Dayuan Pumps Industry or Shanghai Pacific Pumps will be a good solution.
- Personal contacts or guanxi and direct presence of a company X representative in the field is more than advised for establishing business cooperation.
- Through guanxi company X can find reliable partners to start a long-term relationship.

As Russia and China have got a long-life cultural and business experience, continue and reinforce their cooperation due to the current policy of Russia towards the East, this solution to find a Chinese partner of circulation pump demand can be prioritized.

5.2 Recommendations in Remodelling the Business of Company X in Digital

These recommendations are composed to answer the research question stated in the thesis as:

- “What would be the best digital method to remodel the business of company X to become visible online?”

Company X as a young small enterprise has already gained benefits from its business activities in offline landscape. The primary data acquired from the phone-interviews with the CEOs of company X business partners are concerned to compile a few recommendations in order to eliminate some daily drawbacks and reduce their impacts on business. The secondary data from theoretical reviews about the best methods of digital remodelling prompted the author to build a development plan based on the principles of SOSTAC framework. The process of digitizing business is both time-consuming and cost-effective for in an estimated time, i.e. from three to six months or even in a day, depending on IT toolkits, IT expertise, the name of company X can appear on many Internet pages such as VKontakte, Facebook, Twitter, YouTube, etc. due to the effect of viral marketing, a sort of word-of-mouth marketing. The online visibility as a goal for company X to reach, the author views with a particular concern. Foremost, it is costly despite a lot of free-offered platforms for SEO, and then sometimes it is hard to manipulate the audience perception of company's offers, because you need to boost the

awareness of the name among the followers routinely day after day. But digital marketing gives a great benefit when SEO brings a visitor to the company website that can offer the prospect what he is searching for, and boom! The first conversion occurs! The more conversion rate is the more successful online marketing is!

So, to answer the main research question, the author provides the following list of recommendations:

- Using the Internet for promotion of the circulation pumps of a D-series and asynchronous electrical engines/motors is a must.
- Creating the website with a speaking domain name that would immediately inform the target audience about company X key activities in business and the quality of its service.
- Registering company X domain name on the VDS (virtual dedicated server) in the Register company Reg.ru of the hosting company Sprinthost, a rather big Russian hoster with the uptime access of 1% to the website.
- Creating a business group of followers on VKontakte and Facebook.
- Opening an account on Twitter of the company's name, and creating a blog on the Blogger site in Google.ru or on Twitter platforms. The content on company X blog should have an introduction from an outside industry expert. This introduction helps increase credibility to company X offers. Company X's Twitter bio should be read as "The latest news from Company X, the leading distributor of circulation pumps of a D-type series and asynchronous motors of DAZO-A4 type."
- Investing in SEO efforts for increasing valuable and qualified traffic to company X website. Unified keyword strategy across SEO and social media marketing can be prioritized for amplifying company X online visibility. Such keywords must be circulation pumps, asynchronous electrical engines/motors. Unified keyword strategy can be done with Google AdWords or Yandex Direct.
- Developing a digital marketing plan, identifying best prospects, segmenting customers online on demographic, psychographic, and geographic.
- Remodelling Facebook content to mobile and video content, with products advertising being friendly mobile.
- Integrating all social media platforms and company X website by APIs.
- Considering the advertising budget: hosting site, placement of the banner ads on a site, video making and the expenses for each online marketing channel, as well as for buying e-commerce software, like EDI (electronic data interchange), which allows access to company X product catalogues exclusively for customers.

The listed above recommendations need prioritizing for they offer the best solutions and the best digital method of remodelling the business for company X as well gaining visibility online.

6 CONCLUSION

This chapter presents the conclusion on overall thesis finding. Summarizing all what was researched in theoretical and empirical parts of the thesis, including recommendations, the author introduces conclusions in the following framework:

Thesis Background

The thesis was conducted for the own company “PROMTECHENERGO” Co. Ltd, which name was simplified to the name as “company X” for the easy usage through the whole written papers. Company X is a dealer/distributor of industrial commodities which are in the demand of electrical engines, pumping equipment by various consumers from power stations, mining and processing industrial enterprises, iron and steel plants, coke and gas works. Company X is a family business being operated by three people since 2014. The main business of company X is to supply consumers with requested products of high quality and on time. Industrial products are purchased by company X from different manufacturers on the demand of query. Company X is listed as a trustful dealer and has earned respect of both sides of manufacturer-supplier-buyer chain. The turnover of 2016 was 27,906 444.00 roubles, and the net profit of 1,249 000.00 roubles for that fiscal year.

Company X is not satisfied with this financial result and plans to engage its offline business with online experimenting. Besides, company X faced the disruption in the supplier chain of one product which was purchased in the Ukraine.

As a result, the research objectives in the thesis were implemented. The objectives were stated to study digital marketing theory, analyse the current situation of the company, understand the existing problems and challenges towards company’s objectives, find the solutions to improve the company business operation by resolving existing problems, and by offering a development plan to show how the stated objectives could be reached, and finally, to give recommendations to the company aiming to answer the research question.

The research question of the thesis was “What would be the best digital method to remodel the business for company X to be visible online?” To get the answer to this question the author employed the research methods of conducting a face-to-face interview with the President of Metal Flow Corp., four telephone interviews with the CEOs of the company business partners and a survey for people who had ever had a business experience with the Chinese.

Theoretical Framework

In the presented thesis, the author emphasized theoretical approaches on digital marketing, digital trends and digital transformation. These aspects of the theory were studied to understand practical toolkits some gurus at digital marketing shared to advice novices their best methods of businesses transformation in digital. Digital business is built of three hierarchical groups: digital as product of Big Data; digital as disruptive innovation of Internet portals and social media platforms like Google, Bitcoin, Uber/Airbnb, LinkedIn; digital as route to market through different interfaces and algorithm.

Current new technologies offer Internet marketers and consumer a lot of practical applications to get engaged with each other in remote operations when companies can reach their customers online but with having their offline offices in overseas countries. Such technologies as APIs are called a secret weapon for digital transformation. AR technology provides people with capability to work in real time, when connection with customers enriches the latter with unique and memorable interactions.

Digital marketing is a great tool to target audience with direct messages. There are many interaction models, such as B2B; B2C; C2C; C2B; and the newest one is P2P or the so called online PR. Any of these models allows to build tailored ongoing relationships on “two-way conversations”.

The amount of numerous digital marketing platforms include desktop browsers, desktop apps, e-mail and feed-based platforms, video-making platforms, social networking through Facebook, Instagram, LinkedIn, Pinterest, Twitter platforms, and mobile phone, tablet platforms. All these platforms are new opportunities to engage consumers, retain consumers and lead them throughout the buying cycle.

Internet is giving marketers a new field to merchandise. E-commerce offers an e-supplier-buyer-chain, including transactional B2B e-commerce through e-catalogues. It is a new industrial revolution online.

As company X business operates only in Russia, it was equally important to study Russian Internet landscape, and what kind of federal laws Russian Internet users had to obey. In 2012 for the first time the internet users in Russia acknowledged the laws specially designed to control the Internet. Roskomnadzor was granted with this right to supervise the Internet portals. Two federal laws No152-FZ “On Personal Data” and No179-FZ “On Advertising” became obligated for everybody who dared to open online presence on the territory of Russia. Being not in compliance with these laws could lead to blockade the Internet activities.

Russia has its mainstays in social networks. They are widely used by the Russian speaking Internet audience. VKontakte as a very popular social network platform is Russian variant of Facebook. Yandex as a search-engine platform is a Russian competitor to Google. Both are actively used by Russian-speaking consumers.

Digital marketing is measurable. Key Performance Indicators (KPI) assess marketers' campaigns. KPIs metrics are used to evaluate business performance during marketing campaigns. Depending on what KPIs metric was employed marketers could see visitors or leads traffic to websites, estimate brand awareness, conversion rates, and return on investment from a marketing campaign, etc. The measurement is made through different Webmaster Analytics programmes, Google Analytics, AdWords or Yandex Metrica.

Current Situation

This chapter introduced company X's current situation to study macro-and-micro-environmental analyses on China with the help of PESTLE and SWOT to single out company X's strengths and limits. The reason was to resolve one of the existing problems of company X's supply-chain disruption. The problem occurred due to political tensions between Russia and Ukraine. A Ukrainian supplier stopped selling company X circulation pumps of a D-series type which were in great demand to consumers. Company X decided to pinpoint a Chinese supplier of this product.

To analyze this perspective of a new supplier, the author studied external and internal factors which could make direct and indirect impacts on company X business.

From PESTLE analysis the author discovered political factors that of what industrial production entities were allowed in China. From economic factors it became clear why China had a hybrid economy. Social factors showed the strong influence of CCP on lives of common people in China. Technological factors stood for high technical efficiency and competitive products of Chinese producers on external markets, especially those ones who work with certified licenses from the government. Legal factors disclosed strong social government control and censorship on social media.

Qualitative and quantitative data acquired from the survey as well as face-to-face interview with President of Metal Flow Corp. and his affiliate industry branch in China helped to compose SWOT analysis. SWOT analysis as the evaluation of company X's strengths and limits for possible entry to China ended the study of micro-environmental analysis.

Opportunities and Challenges

This chapter appeared to be the backbone of the thesis to find the answer to the research question. Apart from, company X internal environment was put at the top level when choosing the most care-taking way towards digital remodeling. And it is always heartbreaking to start any restructuring.

For digital remodeling the author chose the SOSTAC planning framework. It helped to build a development plan on SOSTAC basis. Each letter in SOSTAC planning framework gave guidelines to put bricks into a new business model structure to complete the objectives stated in this thesis.

S- Situation: this stage offered an outlook what company X business was and going to be through the next planning steps. The emphases went on some restrictions Roskomnadzor imposed on LinkedIn networking, which was blocked in November 2016, and the warning appeal was addressed to Facebook and Twitter.

O- Objectives: Four objectives were formulated for implementing a development plan: (1) raising awareness; (2) data mining; (3) generating leads; (4) reaching the buying cycle.

S- Strategy: The author developed few strategies for fulfilling the four stated objectives. The most prioritized ones were to create a website of the company; open landing pages on the website and Facebook; implementing social media platforms as Vkontakte, Facebook, Twitter, YouTube to generate leads and build community; to boost conversion rate by SEO effort, blogging and e-mailing.

T- Tactics: Company X took advantage from implementing eight tactics offered by the author of the thesis.

A- Actions: were developed how to reach those objectives step by step.

C- Control: At the final step, the author offered to install Webmaster Analytics – Google Analytics and Yandex Metrica. The results from the offered digital marketing campaign could be measured by KPIs metrics, such as ROI, ROAS, CPC, GCR.

This chapter included also the results of primary data from empirical research, i.e. interviews and surveys.

Recommendations

This chapter was composed on the research analyses carried out during the whole writing process of the thesis. Theoretical and practical methods were used for benchmarking and as a result two

recommendation lists were suggested company X should implement to remodel the business in digital.

- (1) Recommendations in possible extension to China;
- (2) Recommendations in remodeling the business of company X in digital.

Summarizing

The thesis had the goal to help the own company become visible online and find the best method how to remodel the business in digital. The author believes the research work done primarily for the sake of company X could be useful for any novice who dares to follow in the recommended steps toward digitizing.

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QUESTIONNAIRE "YOUR PERCEPTION OF HAVING BUSINESS WITH THE CHINESE"

1. Are you customers online?

Women

Men

2. Age:

18-29

30-49

50-64

65+

3. What country are you from?**4. Your living geography:**

Urban

Suburban

Rural

5. Your household income:

Less than 17,000 euro/year

17,000 - 20,000 euro/year

20,000 - 25,000 euro/year

25,000 – 30,000 euro/year

30,000 euro+

6. Your education level:

Less than high school

High school

Some college

College +

7. Have you ever had any business experience with the Chinese?

Yes

No

8. Why are you interested in having business with the Chinese?

Size of the market

Abundance of goods variety

Attractiveness of high technology

Reasonable prices

High return of investments

9. Do you think the Chinese market remains:

Attractive
High attractive
Low attractive
Risky

10. What term relationship is recommended to establish with a Chinese business partner?

On long-term contract
On short-term contract
On goods purchase-contract

11. What is the outlook on e-commerce working in the Chinese market?

Highly positive
Positive
With great potential
With negative effect
Hard to estimate

12. What is the outlook on e-commerce working in the Russian market?

Highly positive
Positive
With great potential
With negative effect
Hard to estimate

13. Please assess how important is the guanxi in business with China

Not important
Quite important
Highly important
It is a must

14. How much trust do you rely on your partnership with the Chinese?

1 2 3 4 5

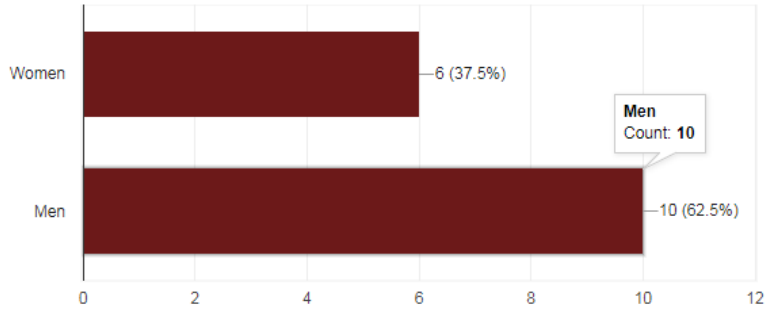
15. What is your recommendation on how to enter the Chinese market

RESULTS FROM THE SURVEY OF THE QUESTIONNAIRE

Q1

1. Are you customers online?

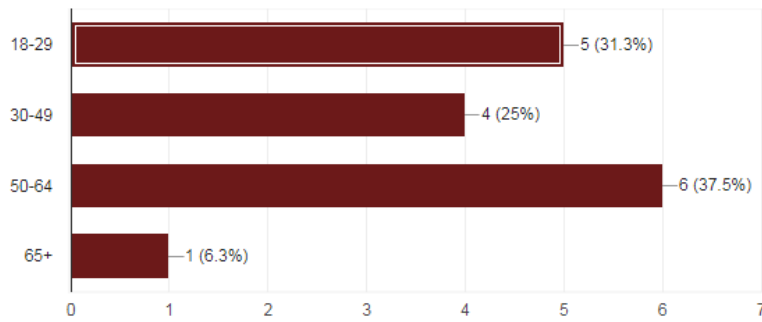
16 responses



Q2

2. Age:

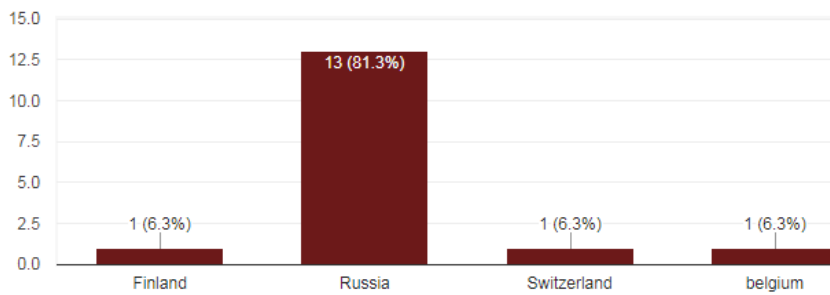
16 responses



Q3

3. What country are you from?

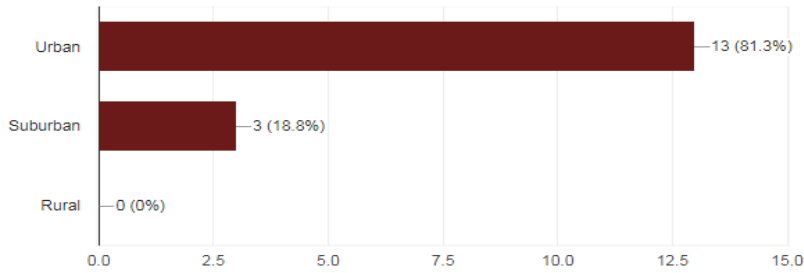
16 responses



Q4

4. Your living geography:

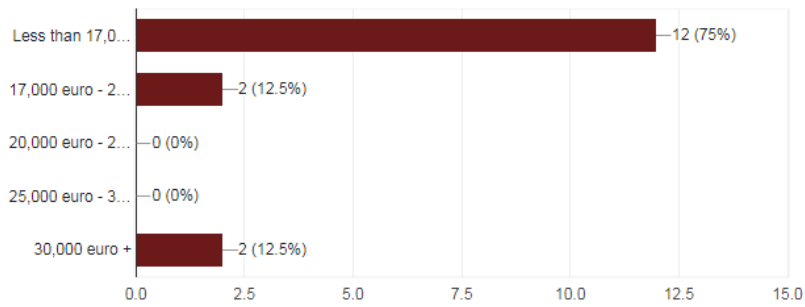
16 responses



Q5

5. Your household income:

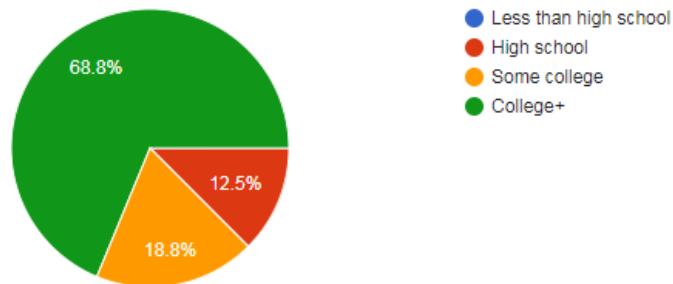
16 responses



Q6

6. Your education level

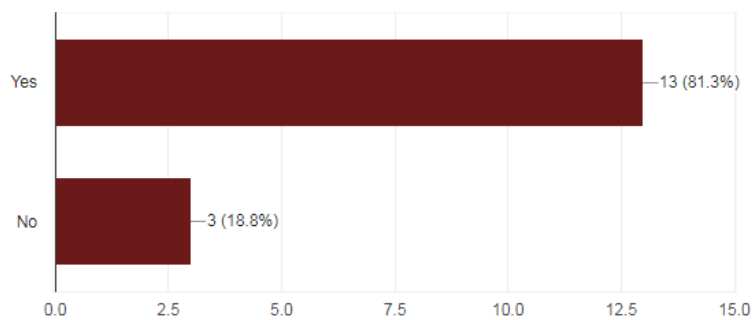
16 responses



Q7

7. Have you ever had any business experience with the Chinese?

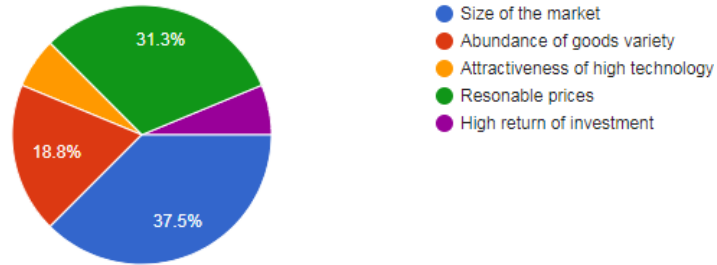
16 responses



Q8

8. Why are you interested in having business with the Chinese?

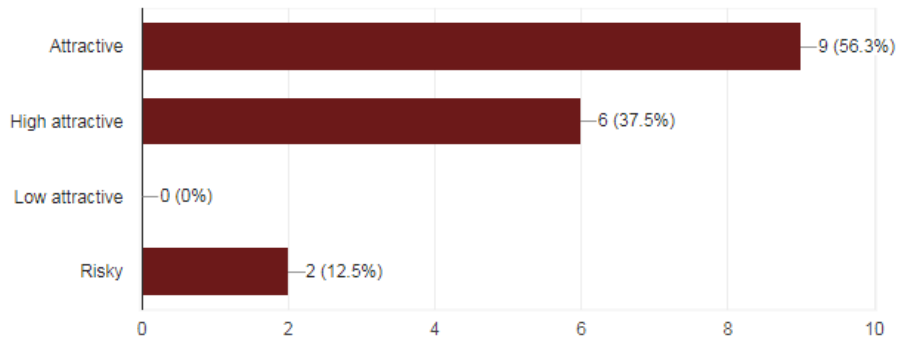
16 responses



Q9

9. Do you think the Chinese market remains:

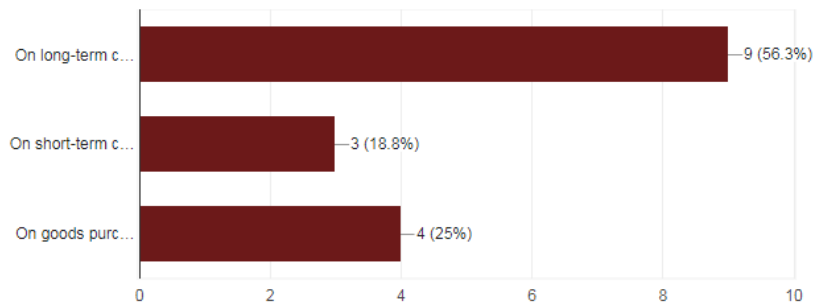
16 responses



Q10

10. What term-relationship is recommended to establish with a Chinese business partner?

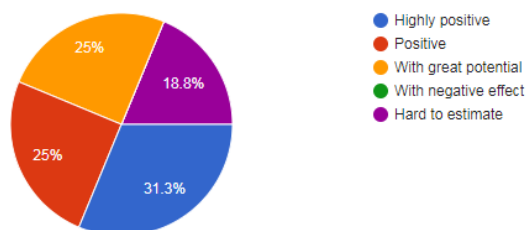
16 responses



Q11

11. What is the outlook on e-commerce working in the Chinese market?

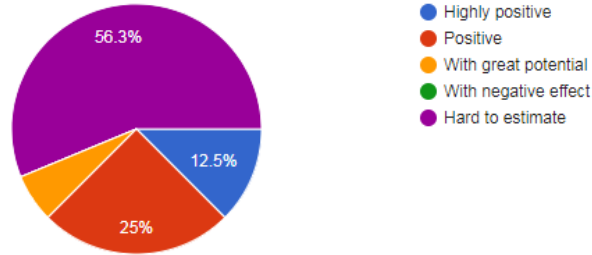
16 responses



Q12

12. What is the outlook on e-commerce working in the Russian market?

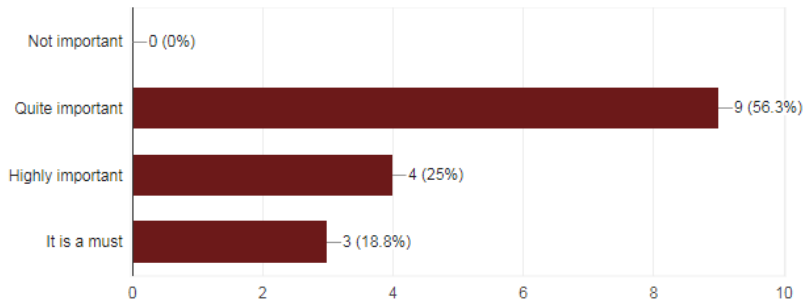
16 responses



Q13

13. Please assess how important is the guanxi in business with China:

16 responses

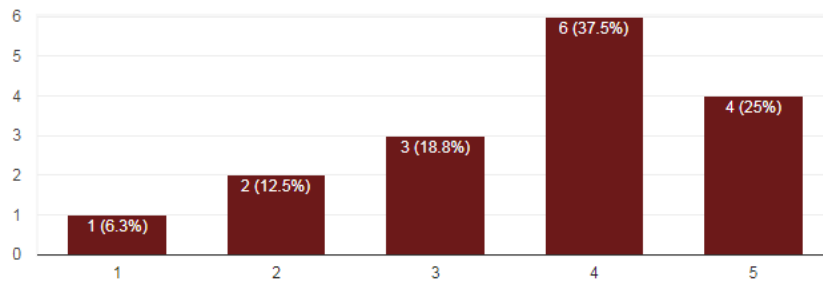


Q14

14. How much trust do you rely on your partnership with the Chinese?



16 responses



Q15

15. What is your recommendation on how to enter the Chinese market:

13 responses

Наличие специалиста со знанием технического английского(китайского)

Наличие потребности в данной продукции,наличие оборотных средств

Наличие партнеров в Китае

Прямые связи с производителем

Удачи и терпения

Энергию

Личные связи

Direct presence or partnership and solid long-term relationship with your partner

Together with reliable partners

To be open-minded and get to know the Chinese partner. Start small and grow the business if all goes well. I am working with a Chinese glass supplier for many years and have a very positive experience. They have been very trustworthy in price and delivery time, they have replaced damaged goods on simple request, and continue to offer good customer service.

Chinese business people are short - term oriented.

QUESTIONS TO FACE-TO-FACE INTERVIEW WITH MR ROBERT KNITTEL, PRESIDENT OF METAL FLOW CORP., HOLLAND (MI) USA

1. What is the business you work for?
2. When did you engage with the Chinese first time?
3. Was it difficult to establish a partnership to your business in China?
4. How long did it take you to launch your first international operation in automotive industry in China?
5. How did it come that you opened a branch of your company in Wuxi, China?
6. Are you satisfied with the quality of the automotive products your Chinese affiliate produces now?
7. Was it worth having this venture on the go?
8. What would you recommend a start-up to have a success in the Chinese market?

QUESTIONS TO PHONE-INTERVIEWS

In the original language.

1. Представьте себя и Вашу компанию, пожалуйста
2. Как давно Вы сотрудничаете с ПРОМТЕХЭНЕРГО?
3. Как Вы узнали о ПРОМТЕХЭНЕРГО? Из какого источника?
4. Какое оборудование Вы покупаете/покупали через ПРОМТЕХЭНЕРГО?
5. Как часто Вы пользуетесь Интернет поиском интересующего Вас оборудования?
6. Какой Интернет-портал Вы используете для поиска нужной Вам информации?
7. Как бы Вы хотели узнавать о доступности оборудования, продаваемого через ПРОМТЕХЭНЕРГО?
8. Как Вы думаете, если такая информация станет доступной на вебсайте ПРОМТЕХЭНЕРГО, насколько продуктивнее для Вас будет делать Ваши заказы?
9. Вы готовы покупать предлагаемое со склада ПРОМТЕХЭНЕРГО запрашиваемое Вами оборудование через Интернет-магазин ПРОМТЕХЭНЕРГО?
10. Какой вид Интернет-расчетов Вы предпочитаете: транзакция через Сбербанк; ВТБ; PayPal?

QUESTIONS TO PHONE-INTERVIEWS

In English

1. Would you introduce yourself, please?
2. How long have you been cooperating with PROMTECHENERGO?
3. Where did you know about PROMTECHENERGO?
4. What industrial products did/do you buy through PROMTECHENERGO?
5. How often do you use the Internet to look for a product?
6. What Internet-portal do you use to search for information?
7. How would you like to know about accessibility of products offered by PROMTECHENERGO?
8. What do you think if such information would be accessible on the website of PROMTECHENERGO, will it be more productive for you to order from the Internet?
9. Are you ready to buy from PROMTECHENERGO storefront/ online-shop?
10. What kind of transaction do you prefer: through Sberbank/VTB/PayPal?