MARKET OVERVIEW OF THE COUPONING BUSINESS IN RUSSIA

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ABSTRACT

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The purpose of the research was to gather information about Russian market in couponing business and to know how to get the full market potential. The research questions were what the current situation of the couponing business is, how online shopping works in Russia and how to increase brand awareness through marketing methods. The whole sector of online shopping in Russia is still on the low level of development, that is why it is important to look more detailed on the market and find new development strategies.

The topic of the thesis is directly linked to the digital industry that is why the data were collected via various online articles, books, e-books, journals, and interviews. In the research, the secondary data were mainly used and supported by quantitative research methods. Also, the research includes a qualitative research method - interview with a Team Leader of the Russian team. Statistics were based on different sources and real-life examples.

The research found that Russian market has a high potential, however, still there are some issues why people do not trust online shopping (example – delivery, timing, etc.). Moreover, it is a different culture where people are not educated enough about the ways of saving money. By building a couponing business in Russia significance goes to the cultural differences, research includes comparison with other countries.

Another significant aspect is SEO. There are many ways to improve SEO activities, however, the issue of low coupons awareness brings the websites to suffer from low traffic.

The findings also indicate the significance of marketing tools in e-commerce niche. There are main principles to succeed in e-mail marketing and social media which we are going to implement in our daily activities to see how it will affect the revenues. Affiliate marketing is really big in Russia, it is growing and developing and with the help of White Label strategies, which is the focus of the taken start-up business, it is possible to gain a strong customer base.

Key words: e-commerce, couponing business, Russia, online shopping

CONTENTS

1 INTRODUCTION

The whole idea of a thesis is coming from German start-up company Savings United where required internship was done in Marketing and Content fields. The business idea is to provide online platforms in different countries with coupons and promocodes. Where people can easily choose the needed brand and get all information how to save their money. By building the loyal customer base company is applying White Label strategy about which will be discussed below. The significance of the topic is to get the full know-how of Russian online shopping structure to get the full potential out of the Russian market. Also, to analyze the whole Russian e-commerce market in general as well as customer behavior and the culture.

The reason of the research is that currently team Russia is struggling with future development, as ratings of the platforms are falling and the whole idea of coupons in Russia is losing the popularity which brings to significant income drop.

Further in this research, the general overview of the online shopping in Russia will be discussed with the help of PESTLE analysis, what exactly is couponing business and how it works, also customer behavior and preferences, main online shopping statistics and future customer needs perception will be included as well. Another part is going to be about cultural differences, specifics of exactly Russian culture and the influence from abroad.

The purpose of this research is to investigate Russian couponing business and get the full know-how of customer behaviour, determine new ways of increasing the brand awareness and try to analyze if couponing business is going to be still actual in the next few years. The research questions are:
- What is the current situation of the couponing niche in Russia? For this question the current online shopping situation and how the coupons work will be investigated.
- How online shopping works in Russia? The answer will be gained with a help of PESTLE analysis, highlighting some cultural aspects and abroad influence on the market.
- What are the new ways of promotion and how to increase the brand's awareness? Here I will show already existing ways and introduce the new ones which are still not busy with competitors in order to reach the competitive advantage.

2 ONLINE SHOPPING

Nowadays it is difficult to find a family where there is no computer with the Internet connection. This wonderful invention of mankind allows us to solve many tasks without leaving the apartment: communicate with friends and distant relatives, watch new and old movies, learn the latest news in the country and the world and even make purchases. The last possibility looks especially tempting and many users of the World Wide Web have already had time to evaluate its advantages. Online shopping is convenient, fast, cheaper and has a huge variety of anything customer may need.

2.1 Market overview of the couponing business

One of the main reason that Russian people do online shopping is that it saves money and time. Most of the time you can find a product which is not available in the offline shop. Compare local online shops and foreign ones Russians are buying more in the foreign ones because of the higher chance to save money and get an extra discount. However, the cons of the online shopping are - a delivery time which can reach the time more than 5 months in some cases and trusting issues of shoppers, there are a lot of cases of stolen or lost parcels.

Russian Online Shoppers' Local and Foreign eCommerce Site Preferences 2016
Share of all Russian online shoppers, %

Sites for hometown stores
Sites for local stores (out of town)
Chinese sites
Foreign sites

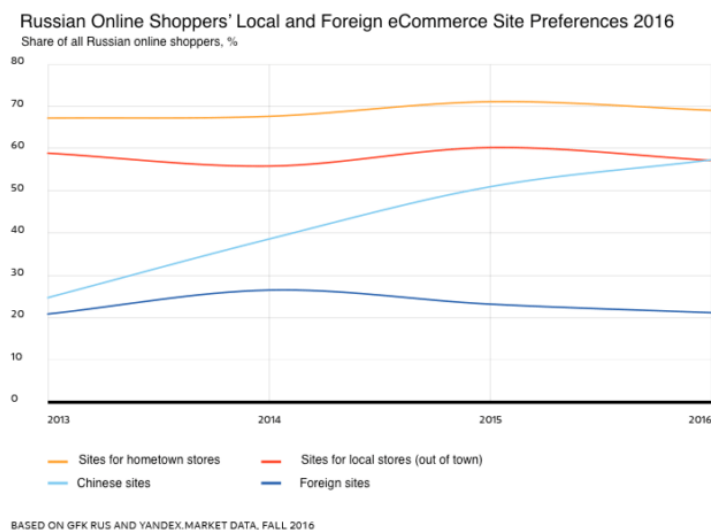BASED ON GFK RUS AND YANDEX.MARKET DATA, FALL 2016

Figure 1 *Russian Online Shoppers' Local and Foreign eCommerce Site Preferences 2016 (Russian Search Marketing 2017.)*

Currently, there is a huge growth in demand for foreign stores in Russia, especially Chinese online stores are rapidly increasing their customer base day by day. Moreover, in 2016 it reaches the same customer number as the most popular counties' shops. They are most popular in the cities with the population more than 100.000 people because smaller cities have no retail shops and small brands awareness.

Clothing and shoes are the most common items for foreign online shopping, also items for kids, cosmetics and electronic devices. On the domestic market, Russians prefer to buy also clothes, cosmetics, and small home appliances while sales for electronic devices are slowly dropping in both foreign and domestic shops. Statistics show that in 2016 more than 50% of Russian customers made at least one unplanned purchase and the reason for that is different shops' promotions and discount. That brings us to the thought that more discount and offers will make Russian people buy more often online. *(Russian Search Marketing 2017.)*
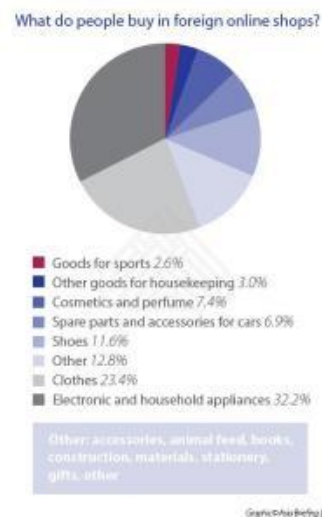
Figure 2 *What people buy in foreign online shops? (Russia Briefing 2017.)*

The biggest Russian search engine Yandex made this research in 2016 and the survey showed that every 4th Russian is buying something online at least once a year before it was 1 in 5 residents. Slowly, but the popularity of buying online is growing. Obviously that the main reason to make an online purchase is the possibility to save money with an attractive deal, the second reason is the free delivery which is quite common for most of the e-retailers in Russia. *(Russian Search Marketing 2017.)*

Figure 3 *Reasons behind Russian online shoppers making unplanned purchases 2016 (Russian Search Marketing 2017.)*

2.2 PESTLE Analysis

PESTLE analysis plays a significant role in the business planning of any type of business no matter how well you know the industry. It helps with identifying main changes in all six aspects (political, economic, social, technological, legislative and 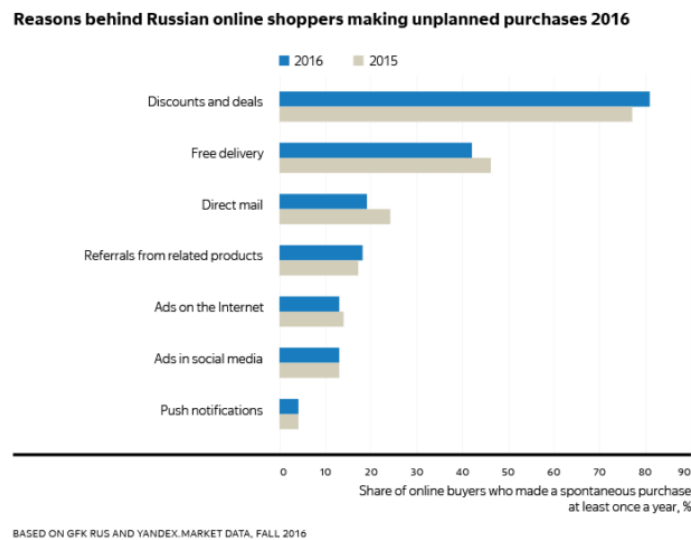environmental). All these aspects will affect your business. By investigating the influences in these 6 categories the company will get a better understanding of the next strategic moves. *(Frue, K. 2018.)*

Political. Currently, Russia has an open foreign relationship strategy and until 2009 Russia had a close official relationship with 191 countries and 144 embassies. *(UKEssays 2018.)* Russia was the world's 13th largest economy by GDP according to the IMF's 2014 figures but due to the impact of the drop in the price of oil, sanctions linked to Ukraine and many economies' structural weaknesses led to a GDP fall of 3.7% in 2015, and to the drop of 0.6% in 2016. Although compared to other BRIC economies Russia has the lowest population level it has the wealthiest in per capita terms by a considerable margin. Which means that it has a huge and fast-growing middle class, customers who are seeking for quality and big retail sector which is intending to grow. There are high chances of the successful e-commerce development on the Russian market because of the low level of domestic supply of consumer goods and services. *(Gov.uk. 2017.)*

One of the major issues which are influencing business is the corruption level, which is endemic in Russia. Authorities are trying to curb corruption and bribery, but Russia fell in Transparency International's Corruption Perceptions Index into 136 out of 177 countries. *(Gov.uk. 2017.)*

According to the 'Russia Corrupting Report' published on the Business Anti-corruption portal- Corruption always has been the highest risk in the public services sector. 'Bureaucracy, corruption and a lack of funds, render the operations of the public administration erratic' *(BTI 2016.)* Because of all these, all the companies are considering corrupting is the hugest issue of doing business in Russia, there are encounter irregular payments and bribes when applying for public utilities. *(GCR 2015-2016.)* 'Reportedly, nine out of ten entrepreneurs have encountered bribery at least once, with the average bribe for all purposes reaching USD 9,810 *(OECD 2015, HRR 2016.)* In fact, companies reported that bribery was so widespread in some regions of the country that it was considered as a convenient alternative to administration compliance *(OECD 2015.)* Compliance with regulations can prove to be a daunting task for companies as rules frequently change, are inconsistently interpreted and applied by different officials and jurisdictions and can contain conflicting provisions *(ICS 2016.)* The decision of one official or jurisdiction may be contested or overruled by another *(ICS 2016.)* Hence, companies are advised to seek local counsel when setting up commercial operations in Russia *(ICS 2016.)*' *(Business-anti-corruption.com 2017.)*

In the past few years, Russia faced a significant number of conflicts and for instance popular British retailer New Look had stopped its business in Russia and Ukraine because of the political uncertainty. *(Telgraph.com, 2014.)* However, despite the current political climate which may be lowered the economy and online sales with it, a lot of things tells that the Russian eCommerce market is only going in the positive direction. There is an expert prediction which tells that Russia's eCommerce market is on the way to reach between USD 40 and 50 billion by 2020; a growth rate that far outstrips the already healthy growth rate of 21% in store-based sales. *(Ecommerce Worldwide 2017.)*

Economic. Natural resources are the main factors of the Russian economy. Two majors are gas and oil. Currently the GDP level ranking as the 10th biggest in the world. It is a well-known fact that Russia has a natural resource advantage with an agriculture which is the 4th largest in the world and a profitable location between Europe and Asia. However, despite all the advantage that the country has the economy level is incredibly low compared to other European countries. The main reason for that is the growth of the economy directly depending on the price of the oil. Taking about economic influence to the e-commerce market there is a difficult economic situation, however, the long-term prospects for future growth seem quite good. According to the new edition of East-West Digital News Agency's (EWDN) Russian E-Commerce Report, which gives data from

the Russian agency Data Insight, online sales in 2016 exceeded $26 billion, growing more than 20% year-on-year. This number includes $16 billion for physical goods and $10 billion for online travel. The online market is growing up to 25% annually which gives a huge hope for couponing business to get the whole market potential.

Also, Data Insight shows that in 2015, Russia's domestic online retail grew in rubles, reaching 650 billion (+16%), with an average order value amounting to some 4,050 rubles (up from 3,750 rubles in 2014). However, there is a different picture from U.S. dollar side because of the ruble's sharp depreciation: the market size fell to $10.5 billion, down 28% from 2014, which tracks more accurately with the recent economic recession. *(Doing Business in Russia, 2017 Country Commercial Guide for U.S. Companies 2017, 19-20)*

According to the EWDN's Russian E-Commerce Report, e-commerce market continuously growing in Russia and even the offline businesses were severely affected due to the economic crisis. Also, real-estate infrastructure has lost their worth and became much cheaper, moreover the main players are building warehouses and fulfillment facilities to take maximum advantage. Although demand still exceeds supply on the fulfillment service market and most of the delivery conditions across this giant country have been improved. *(Doing Business in Russia, 2017 Country Commercial Guide for U.S. Companies 2017,20)*

Social. 'Economic policy is not only important in itself; it should also provide conditions for improving well-being to allow our citizens to live a convenient and comfortable life in their own country. The "May Decrees" by President Putin target this goal, which is the focus of the government's work. Quite naturally, the development of human potential will be a priority project for the Presidential Council established in June 2016.' *(Medvedev, D. 2016.)*

In the 60s-70s of the last century, Dutch sociologist Gert Hofstede began to search for truth in matters of mentality and its impact on work, business, and economics. He singled out 6 cultural dimensions - the characteristic features of culture, which affect the economy: *(Hofstede, G. 2009)*

- o Index of power distance

According to Hofstede, Russia is among the five countries with the highest power distance index - 93 points. First positions are - Malaysia, Guatemala, Panama and the Philippines.

    ○   Individualism

In Russia the level of individualism low - 39. This means that for the average Russian, the public is more important than the individual. This is reflected even in the language. In Russian, correctly to say, "We are friends," while in English, "My friends and I, where "I" with the capital.

    ○   Masculinity

In Russia, the indicator of masculinity is low - 36 points. The highest in Japan, the lowest in Sweden.

    ○   Avoiding uncertainty

The low level of avoidance of uncertainty looks much more optimistic: society is ready to change when they have it, it easily perceives new tendencies, is inclined to risk, people open for changes and active in displaying its position. In Russia, one of the highest indices of avoiding uncertainty is 95 points.

    ○   Pragmatism

This metric is also called strategic thinking and Confucian dynamism. This indicator assesses how far society can look to the future. Long-term orientation depends on setting goals for the years ahead, perseverance. Fortunately, in Russia, everything is fine with strategic thinking.

    ○   Pandering to desires

This index reflects the willingness of members of society to meet their immediate needs. The opposite of indulgence is self-restraint. For those cultures that recognize restraint as a positive quality, strict social rules and restrictions are characteristic. Modesty is considered one of the main virtues. In Russia, the index is 20 which is quite low compared to other countries. *(Surycheva, L. 2017.)*

Technological.   According to Mediascope research, the Internet audience in October 2016 - March 2017 reached 87 million people, which accounted for 71% of the total population of the country. In 1 year the Russian Internet audience, according to Mediascope data, increased by 2%. At the same time, 66 million people (54% of the Russian population), use the Internet at least once a month via mobile devices, and 20 million people - 16% of the country's population - from mobile devices only.

The fastest growing audience is on smartphones: from October 2016to March 2017 - 46% of the country's population use the Internet from smartphones and it is increasing by 15% per year. At the same time, the number of people using the desktop (for 4%- up to 54%

of the population) and tablets (by 8% to 19% of the population) is being reduced for Internet access.

The most popular advertised product category on Instream video advertising for April-December 2016 is "Beauty and Health" category and the list of the largest advertisers for the first quarter of 2017 almost coincides with the leaders in terms of investment in TV advertising. *(KIB & RIF 2017.)*
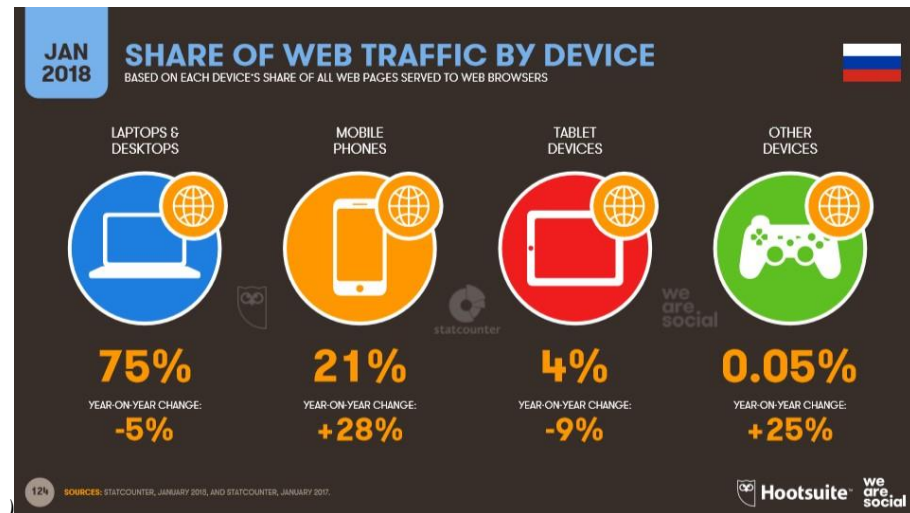
Figure 4 *Share of web traffic by a device (Sergeeva, J. 2018.)*

Legislative. The legislative sector in Russia is weak, almost the whole constitutional power is managed by the President. Although the General Assembly has the power to debate problems its power to influence decisions is questionable. For instance, an attorney general nominated by Yeltsin was refused by the Assembly3 times but continued to keep his job as before. According to the constitution, if the Duma votes three times against the president's choice for prime minister the Duma must be disbanded. *(Hays, J. 2016.)*

Environmental. The level of the environmental factors in Russia are not that high and due to the growing popularity of e-commerce market, paper use, transportation, the packaging is becoming the bigger issue which every company should take care of.

2.3   Couponing Business structure

Who does not like to get a discount? That is a ridiculous question. Someone enjoys the fact of saving the budget, someone - the opportunity to get what they want at a lower price than the majority gets. In an age of universal information systematization and the data flow organization, it is no wonder that information about discounts also began to be collected and centralized. So, from there the couponing sites came from. So how do they exist and gaining popularity?

What is a discount coupon? Initially, the coupon was called a small piece of paper, printed or cut from a newspaper ad which was given to the bearer the right to purchase a product or service cheaper than the declared value. For online trading, the coupon function performs a properly formed hyperlink or digital promotional code. At first glance, it may seem that giving a discount to a supplier for goods or services loses a part of the profit, and even someone carries the cost of organizing the process (servicing coupons and complicating accounting) but let investigate this deeper.

There are several participants in the online turnover of coupons:

- o Supplier of goods or services - they called the Shop. What is the point of selling a product cheaper? There are several reasons. First, turnover increase, the cost of each transaction is lower when the turnover is higher. Second, elimination of seasonal and stale goods. A product that is too long in a warehouse is only a bookkeeping value and in fact can be count as dead weight. Third, the attraction of new clients. By making a purchase cheaper, many customers then come back and not only for the promotional offer. The last reason is the increase in shopping basket value because when you visit a coupon website you can see other offers and automatically look for something else.

- o Referral service. Traces the arrival of a client from one or another information distributor, calculates the statistics of conversions and made purchases. It can be either an external service or a store-organized service. In any case, it exists on the store's profit expenses, receiving its deductions either from the turnover or for each new customer.

- o Couponing websites who are collecting all the information about the shares in different Shops, tells about all offers to their customers - potential buyers, attracts new customers and interests them in one way or another: publications in articles, e-mail marketing, advertisements and social networks. Its main value is the client

base. The coupon site loves its customers by telling them about the discounts in which they should be interested in and monitors negative reviews about unscrupulous stores. So, the seller pays only those visitors who buy something in the store, and this scheme remains beneficial for all participants. *(Shestopalov, A. n.d.)*

According to the archived experience and oral interview with our team leader coupon sites in Russia are focused mainly on immediate benefits, rather than on long-term productive cooperation, most market players lack professionalism in approach, qualitative analysis and strategic planning of campaigns.

The experience of Western countries has shown that promotional codes can be an effective marketing tool: on average, when buying online, 35% of users use coupon sites. For comparison, only 19% use shopping portals, and social networks only 10%. Thus, without using this channel, advertisers are missing about a quarter of the market potential. The coupon market in America and Europe is already at a higher stage of development, so the issue of using promotional codes has been investigated quite extensively.

For example, according to the survey of Compete portal, more than half of respondents who made a purchase with a promotional code, believe that they would not have done this, if not for the discount on the promotional code. Compete also claims that coupons help to increase the minimum basket value since users tend to spend more if a promotional code is available. In Russia, however, research on coupon marketing is very small. You will say: "Of course, it's easier for them to calculate everything there!" - and you will be wrong because in this case, a lot depends on ourselves webmasters and a professional approach to business. This research conducted by marketers of the Promokodabra, which is our own couponing website.

Ideally, working with coupon sites is a complex process, which mainly consists of negotiations and analysis. The effectiveness of any campaign depends on a certain purpose. What exactly we are you striving for? Increasing sales, attracting new customers - retaining or reactivating existing customers, - increasing the value of the customer for business, - selling out the warehouse, seasonal and discount products, the incentive for impulsive purchases, seasonal or holiday sales. If there is no clearly defined goal, then the result of an advertising campaign to a coupon site is difficult to predict. The options "well, to get more traffic" or "more sales" - it's already good, but not enough. The calculation of how

much traffic and sales from the very beginning, the specifics will allow you to more accurately plan everything.

Planning is highly important. To make a promotional code work for customers, you need to plan the advertising campaign correctly and conduct an audience analysis. Often, one attempt is not enough. Demand and sales are affected not only by external factors but also by internal factors. By external factors, we mean seasonality, political situation, actions of competitors, etc., under internal - everything that is related to the characteristics of the audience (geography, age, interests, etc.), type of promotional code, etc. Analysis of external and internal factors can significantly reduce the risks for the advertiser. For example, for one of our advertisers, we ran three tests of different types of promotional codes. The first time with a discount on all products, the second - 10% for new collections, and the third - free shipping. We constantly analyze the audience and demand, changing the terms of the coupon in parallel, because of which the third promotional code increased the number of sales by 421% compared to the first. During the entire campaign, the number of sales increased by 1661%.

Thus, the characteristics of the promocode itself are also very important. Practice shows that promotional codes with restrictions work better than without restrictions. The ideal option for an advertiser is a promotional code with a minimum order amount just above the average purchase amount. Also, it is necessary to choose the correct type of promotional code (percentage discount, fixed amount, free delivery or gift). To achieve the best result, you need to run a series of tests that you can delegate to the coupon site. This will greatly simplify the process for the advertiser. Testing is best done with unique codes or unique discount links, as they are most conveniently tracked.

The analysis is highly important as well. For an advertiser, the key indicator is sales, where an analysis allows you to segment the target audience and optimize the targeting. The couponing site always conducts an analysis of the effectiveness of promotional codes for the following indicators: - average traffic per coupon, coupon conversion share in total sales - share in total sales; - the average amount of the coupon purchase. This type of analysis allows us to improve strategies for different groups of customers. As a result, the analysis of the effectiveness of promotional codes and sales helps to structure the campaign and choose the most effective type of promotional code. As you can see, everything is quite simple in theory, however, in real life, some issues are arising.

Why is it important to carefully choose partners? Bad PR from the couponing sites side can harm the advertisers' brand. Moreover, some couponing sites rewrite cookies, thereby seeking to increase profits. All this increases distrust to coupon sites and repels advertisers, because of which the partners begin to lower the commission. To monitor the process and achieve its goals, it is recommended to cooperate only with reliable webmasters. Reliable webmasters are professionals who - provide complete information in the profiles of partner networks and ensure transparency of all actions, always available phone, by email or by Skype, interested in the exchange of information with advertisers, partner networks and agencies, comply with agreed rules and terms of cooperation and also provide information about their site (about sources of traffic, / publications on third-party sites, newsletters and subscribers, about planned campaigns, etc.)

If you want to make an interaction with coupon sites more efficient and secure you will inevitably need to create a limited number of partners. CityADS, for example, has long practiced the creation of closed groups to regulate the activities of webmasters. Choose webmasters for the quality and volume of traffic, as well as for all the above signs of a reliable webmaster. According to Anastasia Budimir, publisher manager in E-commerce Group, closed groups benefit both advertisers and webmasters due to exclusive coupons with high conversion, free managerial consultations, accelerated payments and higher rates. Closed groups often organize special negotiations and meetings with company representatives, which allows to establish effective communication and get more ideas for the development of off-houses. This approach will protect you from unscrupulous webmasters and make cooperation more productive. *(Sharipova, G. 2018.)*

2.3.1   Affiliate Marketing (CPA)

According to Shawn Collins and Frank Fiore affiliate marketing 'is rapidly moving into the mainstream of e-commerce and becoming an invaluable marketing tool for online companies.' *(Collins, S. and Fiore, F. 2018).* Amazon was the impetus for the emergence of an affiliate marketing in 1996 it was the partner program and in Russia, it was the program Ozon.ru. in 1998. However, the real flowering of affiliate marketing came only in 2008, when Internet commerce began to develop.

According to Data Insight and IAB Russia, in the first half of 2016, affiliate marketing accounted for 79% of the online advertising market and reached an impressive number of

50.2 billion roubles. In 2017, approximately 3,000 specialized agencies dealt with affiliate marketing.

Affiliate marketing is a system of settlements in which the customer pays for nothing, except for the necessary conversion actions (purchase, subscription, registration on the site, installation of the application, etc.). Therefore, this model is often called CPA (Cost per Action), and it almost perfectly stimulates marketers to fight for the result. *(cybermarketing.ru 2018)*.

The most active participants of partner programs are banks, e-commerce, education, construction, microfinance, tourism, insurance, employment and car dealerships.

CPA-marketing technology is perfectly suitable for selling inexpensive simple products such as slimming, cosmetics, and phone cases.
CPA works worse with more difficult products. It is also problematic to sell B2B products through an affiliate marketing. It is believed that the longer the transaction cycle and the more expensive the product, the fewer affiliations that are willing to take up its promotion.

Historically, affiliate programs were created by the sellers themselves. Now CPA-networks are engaged in aggregators of partner programs, which offer to the seller not to waste time creating their own affiliate network. *(cybermarketing.ru 2018)*.

In CPA-networks which are including many sites collected by aggregators, customers add their offers. Note that not all the offices can get into the network, as it is important that the affiliates receive high conversions and have a high income. It is often that the aggregator takes a commission from affiliates and profit also depends on their earnings.

	Ранг знания	Ранг использования
ActionPay	100	79
Soloway	96	50
Admitad	92	67
CPA-Exchange	88	50
CityAdsMedia	83	54
офферы ВКонтакте	83	38
офферы Одноклассники	75	33
MasterLead	71	33
Lead.su	67	38
LinkProfit	58	29
Ad1	58	25

Figure 5 *Rating of knowledge and use of CPA-advertising. (Data Insight and IAB Russia 2017.)*

Every CPA network has its own specialization. For example, in a large CPA network Admitad which we are using mostly (has 193 offers), a large part (36) - online stores. In second place in this network - online games, on the third - banks and loans. The AD1 network has shops in the first place, information products, and online education are equally on the second place, CityAds in the first place of online games, on the second - information products, and on the third - banks.

Before placing the offer in any network, it is important to pay attention to this specialization - the predominance of certain segments indicates that the network has resources dedicated to a certain audience, and local affiliates have extensive experience in promoting certain categories. *(cybermarketing.ru 2018).*

2.3.2   Customer behavior in Russia

The Russian customers are doing online shopping impulsively. The main factor of the purchase is brand, quality of the product and its lifespan for the people with modest income. Price is important as well and people are attracted to different types of bargains and offers. According to studies from Nielsen, more than three-quarters of Russians showed an interest in sampling new products. Also, 38% are noticing when there are new products in the shops, which is higher than the global average of 29%. However, another very important fact that Russian customers have strong brand loyalty and most of the time they know exactly what they need to buy. Nielsen studies report that Russians are purchase products for a short-term use mostly and 25% of shoppers' purchases satisfying an

immediate need. Because of the financial crisis, private consumption fell by 7%. People became more selective and discerning in their buying's. More than 50% of consumers are shopping to get the best offer and from their favorite brands and only 17% decided to purchase from cheaper places. Traditional trade as brand shops and distributors are still and will continue to be an important niche of Russian retail. Modern retail as discount stores, cash-and-carry stores, online, and direct selling constitutes 68% of the Russian market. *(Santander Trade Portal 2018).*

An average age of Russia's population is low – 39,6. They do not save money because of the unreliable banking systems. Usually, they spend more than 80% of the whole income. Russian people give a big worth to the Western way of life and tends to be more educated with a sophisticated taste appreciation. Most effective methods of advertising are social media and television.

There is no balance between income and goods prices as incomes are declining and prices are rising, all these are putting significant pressure on household budgets and dampening consumer expenditure. In the last few years, food prices considerably increased, and people are expecting sales to buy the needed product. However, online shopping became more popular, especially cross-border shopping which offers lower prices and greater variety. Mortgages are in huge demand due to low-interest rates resulting from government subsidies. *(Santander Trade Portal 2018).*

2.3.3 Specifics of Russian culture in online shopping

The number of online users is growing, however the number of people who are ready to make an online purchase – not. There are some reasons for that. Unfortunately, not all online shops can offer users high transaction reliability and not everyone understands how to conduct purchases online. A significant obstacle is also the mentality of Russian users who relate to online shops with great distrust, thinking that here they are easier to deceive. Online shops do not contribute to the increase in the number of online customers because they do not pay enough attention to the design of the site, which should attract users, call for an action, people of all age cannot establish a stable and convenient work with the site.

Nowadays many users go to online shop pages simply to look at their products, compare the characteristics of different models and choose the best solution for themselves, but the real purchase will happen only in the supermarket or shopping center. Experts say that there is a low level of shopping culture online, but it can be can be corrected.

During the seminar, which was devoted to the promotion of online shopping, representatives of medium and small businesses told that visitors of their stores are afraid to use e-currency. Today, this option is used by a very limited number of users. There are a lot of fears among users and all of them come from the fact that they do not know their rights. Russian users, unlike the western ones, are not engaged in independent searches for the information they need, they are too lazy to find even how to make a purchase via the Internet. Sometimes users cannot understand the interface of the site and after several minutes on the pages, not understanding how to make a purchase, a person simply leaves. Online stores are engaged in selling the most popular products, including books and stationery, household appliances, electronics, software, clothing and shoes, perfumes and cosmetics. If you look at the sphere of services, here the most sites are selling tickets to the theaters and various shows. There are still whole niches that have not yet occupied by anyone online.

Russian culture has a trusting issue when it is about the Internet. Many users not making any purchases through the Internet, simply because they want to look at it, touch it, look in action and try it on. At the same time, experts note that today people willingly buy household appliances and electronics through the Internet, and therefore believe that increasing sales and attracting more customers can be achieved by drawing up a transparent scheme of the order. People should be educated about how to use online stores and especially how to use coupons because they do not know about the existence of the couponing sites and that it is completely free for them. *(Kulturologia.ru 2017)*

2.3.4   Shopping culture differences, other countries examples

As Savings United company is international we have other countries markets which are very successful, experience shows that shopping culture is completely different in any country.

'Culture may play a major role with regards to shopping behaviours. A simple way to examine culture is to follow a metaphorical roadmap that can enhance one's ability to adapt to an environment and to survive. Technology and the modern economy impose the need for using increasingly greater levels of technology. A knowledge-driven economy, with its use of media, both changes and interacts with a culture' *(Walsh and Godfrey, 2000; Walters et al., 2006.)*

United Kingdom

Regional information

- 64m — Population
- $2.94tn — GDP
- English — Official language
- Pounds Sterling (£) — Currency
- 51m — Number of internet users
- 87% — Adults with a smartphone
- Google (91%) — Most popular search engine
- 57% / 37% — Smartphone platform split

Device split of sales

- 53%
- 28%
- 19%
- 2,210 — Number of advertisers
- 19,220 — Number of active publishers

Awin market information

- 23% — Comparison engine
- 9% — Content
- 0% — Display
- 1% — Email
- 35% — Loyalty & Cashback
- 4% — Sub networks
- 22% — Voucher code
- 3% — Tech partners
- 7% — Search
- 3% — Social

There are some markets which will be investigated more detailed. According to the Mintel's Online Fashion UK 2017 Report, in 2017 the market of the online fashion in the UK increased up to 17.2%, continuing fashion's spot as the most popular category for online shopping.

In the last six years, sales of online fashion have soared and doubling in value since 2012. Moreover, 'online sales of fashion have increased to account for 24% of total fashion spend in 2017, up from 17% in 2013'. Online shopping in the UK is the fast-growing industry. Investigating the popularity of only online retailers the research shows that clothing *Figure 6 The UK market (The Awin report, 2017-2018)* and footwear is taking a significant part of 38% of the UK fashion market. Also, in the next 5 years, the online shopping culture will grow and get stronger, 'with the market forecast to increase a further 79% by 2022, reaching just under £29 billion.'

The main struggles of the market are - return system and delivery. However, it is already on the very high level compared to the Russian market. '**Just under seven in 10 (66%) internet users in the UK have bought items online in the last 12 months'.** *(Brits hung up on online fashion: Online sales of clothing, fashion accessories and footwear grow by 17% in 2017, 2017)*

According to the E-commerce News statistics, 7 out of 10 Internet users (around 20 million) shop online and an average customer make a purchase 3 times a month, spending around 70 euros per order. Voucher codes are very popular in Spain.

Also, looking at our company, the Spanish market is the most successful one because of the online shopping culture. People trust online shops and they all like to use promocodes to save money. Young customer intends to

Figure 7 Spanish market (The Awin Report, 2017-2018)

make purchases more often, however, older ones spend more. The main purpose of online shopping for Spanish culture is because of the certain offers which are only online and that online shopping is actually cheaper.

The old-fashioned desktop pc is still a very popular device in Spain when it comes to shopping online. Almost 90% do it from a desktop computer.

The most popular categories in Spain are Technology/Communication, Leisure/Culture and Travel/Holidays. Products from these categories were bought by respectively 68%, 66%, and 64%.

It is obvious from these facts that Spanish culture is much more educated about coupons. *(Ecommerce News, 2015).*

Another very successful country for affiliate marketing is Poland. According to the E-commerce News findings, Poland is the fastest-growing e-commerce markets in Europe. Every year they have a growth of 25% and the online industry grew from 3 billion euros to 8 billion. The forecast says that it will grow to 25billion euros by the end of 2020.

An average customer spends around 600 euros per year, a few years ago the number of online shops was 15.000, nowadays it is much bigger and still growing.

Almost half of the Internet users in Poland can be identified as online shoppers. The common age for e-consumers is 50 years old or younger with high education and possibility to live in a big city. Obviously, there are more women than men who like to shop online. The updated report from Gemius showed that the part of online shoppers aged 25-34 has increased from 26% to 29% of Polish e-shoppers. Also, the number of residents of smaller cities increased from 40% to 44%. However, the number of people with a university degree slightly decreased, while with a secondary degree increased.

Katarzyna Binert, account manager at Gemius, says the report results aren't surprising. "For young people, the online market is a natural environment. This is how they communicate with others and shop", she says. "Young people also like to have a choice from numerous delivery methods and they pay specific attention to the speed and timeliness of the offered logistics services as well as the technological advancement."

One out of ten in Poland prefers international e-commerce websites. "Users look for products sold with more competitive prices or products that are unavailable in Poland. The EU legislation's application providing for a ban of geo-blocking may have an impact on the above increase as well as the unification of prices for international shipping", explains Katarzyna Binert.

The main struggle for the Polish people to shop online are high delivery costs and higher prices than in offline shops, another issue is long waiting time for delivery. *(Ecommerce News, 2015).*

2.3.5   Influence from abroad. Black Friday

In nowadays life most of the sales periods are coming from abroad. For example, the highest profit we get out of the popular Black Friday.

Black Friday, as we all know, appeared in America more than a century ago. It was perceived as an independent sale of Black Friday in 1989 when local newspapers officially named it in Philadelphia. The event became organized and generally accepted.

Initially, the term "Black Friday" coming from the huge traffic jams that invariably accompanied the winter American holidays - Thanksgiving and Christmas. It is curious that this was also dubbed the collapse of the gold market in the distant year of 1869, but this has nothing to do with sales. After the golden crisis, everyone forgot to think that Black

Friday could mean something negative. On the contrary, every American looked forward to the treasured date of a large-scale sale, when discounts reach 90% and even more. In the US, the annual action falls on the last Friday of November - just before Thanksgiving.

The origin of the name Black Friday has two theories. The first says that the term appeared spontaneously: either because of those same traffic jams, or at all just like that. The second hypothesis is more meaningful: it tells that at the time when the accounting was conducted by hand, the merchants marked the profit with black ink. And once during the sale, the revenue from the stores breaks all records, then the accounting records are made entirely of black paste. *(Kupivip.ru, 2017)*

The date was chosen not accidentally! In the pre-holiday period, people have the highest buying activity. This Americans noticed in the XIX century: merchants with their "overseas" goods attracted customers at this time. During the Black Friday, everyone benefits, buyers who were able to prepare for the holidays or to pamper themselves with the desired things, and the sellers themselves, who in these days realize the overwhelming percentage of the goods.

The scale of the sale can be estimated from the simple statistics: in 2014 in the US during the Black Friday was sold goods worth 60 billion dollars! This period became very popular in America and the action has spread to the countries of Europe, Asia, and the CIS. Now anyone can take part in the biggest sale of the year.

A sale is carried out in different ways, depending on the region. In America, which we are obliged for the emergence of Black Friday, people are taking turns in stores since early morning. Shopping centers and boutiques open their doors early so that everyone can manage to get what they want. In cold states, people even come with sleeping bags and tents – for such wide discounts people are ready to do anything.

Europe, Asia, and CIS countries, including Russia, prefer to hold Black Friday in an online format. Internet shopping is much more convenient and functional than an offline shopping.

In Russia Black Friday started from 2010. They made a "trial call" and after decided to support the initiative and now we can enjoy a super sale every year and if before the avid shopaholics were forced to make purchases during the Black Friday on foreign sites, now you can do it with great comfort in domestic outlets. Every year is it getting more and more popular that is why we, as a couponing business, have to be fully prepared to make our customers satisfied. *(Kupivip.ru, 2017).*

3   WHITE LABEL (PRIVATE LABEL) SOLUTION

White label is a popular format of partnership in Europe, which only recently came to the Russian market. White Label opens new development scenarios for business and some of them are already using this model in Russia. Below it will be explained more detailed structure of the model, pros and cons, and some perspective on the Russian market.

3.1   Origin of White Label Strategy

In general, the White Label is a kind of partnership in which one company produces goods or services, and another sells it under its own brand. Therefore, each partner can focus on their competence (production or sales) and, thus, save on the launch of the product. The very name "white label" appeared in the music industry, when American record companies began to produce vinyl records with a white (clean) label, so sellers could put their brand on them. Later, this approach was adopted in the field of IT and finance. For example, the largest banks in the US and Australia issue White Label cards for small banks, which can thus save on production. *(Abramyk, H., n.d.)*

Currently, our website Promokodabra.ru has 4 WL with the most powerful news media websites.

3.1.1   Reasons to choose WL for your business and disadvantages of it

Choosing this format of partnership both sides get a whole set of bonuses:

For the seller:

- o   Quick launch of new products and reduced costs.

It frees up your time to focus on your core competencies. For instance, sell more and build your business in a better way. If some digital agency services are not your wheelhouse, you need to become an expert in the SEO field to rank better. While WL will help you automatically get high search engines ranking because of the already existing brand with high brand awareness.

- o   Focus on the core business and additional income from the affiliate program.

For the manufacturer:

- o   Realization of goods or services without additional costs for promotion.
- o   Achieving a new target audience and popularizing the product.
- o   Formation of successful cases for other possible partners. *(Abramyk, H., n.d.)*

Also, there some limitations of the WL model:

Product Vision: While choosing WL platform company need to be sure of your Product Vision and that this platform is matching your business in a long-term scale. A company should also understand that WL platform will remain useful for the product. It is very important to understand that the partnership is going to be relevant in the next five years and if it fits each other. For instance, some news media giants in Russia can be aggressive or scandal in their content, therefore, some shops like British online retailer ASOS cannot approve the partnership with couponing site as it is against the company's policy.

Lack of Control: Unfortunately, as the solution is not yours, you may lack control of your part of the site. When bugs are arising, new features are requested or you update your platform, it is important to keep an effective communication with your partner to be able to do these changes. Usually, it takes some time to solve this type of issues.

In our working experience, we faced this type of issue with Mail.ru, which one of the biggest and most powerful websites. They do not do any updates and bags cleaning which bring our platform to lowest ranking and traffic.

Integration: 'The key when bringing white label solutions into your platform is to make sure that they are integrated seamlessly into your solution.' It means that not only for clients it makes an easy use but also that you can track and report all the activities of the site through the WL solution. Centralized reporting and metrics are extremely important and is a key to any type of integration. *(Brablc, C. 2011).*

For the seller:

- o Fewer opportunities to influence production - all technologies and design are concentrated in the sphere of responsibility of the partner.
- o Additional resources are required for technical support and product support.

For the manufacturer:

- o Reputation has not been strengthened with the successful launch of the product - it is immediately associated with the seller's brand.
- o There is no direct contact with the end user, so it is difficult to get feedback from the market. *(Abramyk, H., n.d.)*

3.1.2   White Label abroad

Western companies have been using the White Label in various fields of business for about 15 years. For example, the developer SHShieldApps (shieldapps.net) with the slogan "Our software is your design" sells its products exclusively under the White Label program. Affiliated vendors and developers can distribute under their brand of programs from the ShieldApps portfolio: antiviruses, widgets, applications for hard drive cleaning, online security, and OS optimization. *(Serdukova, I., 2015).*

In Savings United this model plays a huge role in all the markets, we get most powerful news media portals all over the world and exactly White Labels are bringing major profit to the company.

3.1.3   White Label perspectives in Russia

On the wave of the general trend in Russia, a lot of projects are successfully working with the White Label format. Using this model, online magazine KP.ru launched one and a half year ago with our own online service to find discounts and promotional codes for online stores.

Scenarios for using White Label in Russia are also open in other areas. The Engineering center of NNIU MEPhI (ecmephi.ru) consider the cooperation with this model as promising to work with a large state and commercial enterprises:

"We chose this model, because our company is engineers, and to bring the product to the market, we need a team of marketers, salespeople, etc. As a rule, well-known brands already have such departments and well-established sales channels. We give them a technically ready product, and they provide sales. All are engaged in their own business, and this is effective, "the representative of the Engineering Center tells. There are no obvious minuses for this strategy, except that the Product has not one steak-holder, but more, with all the ensuing consequences (but this, on the other hand, is good). And some disadvantages are determined depending on the project. The first results of activities within this strategy are positive, so we plan to develop such cooperation further." *(Serdukova, I., 2015).*

Russian and Western experience shows that White Label opens new opportunities for both large companies and start-ups. At the same time, the business sphere does not matter much, because there are many ways to integrate the model. The most important is to properly assess the potential of White Label in the context of a particular business and understand how to use this strategy better to introduce new technical capabilities, develop directions and attract customers. *(Serdukova, I., 2015).*

4   SEO IMPORTANCE

'Search has become integrated into the fabric of our society.' *(Enge, E., Spencer, S. and Stric-chiola, J. n.d.).*

According to Christopher Moulvi SEO 'is important for the branding and visibility of the business. SEO could help if you are aiming to appear on top as people are looking for products or services' *(Moulvi, C. 2015).*

It is a highly important tool to know about, in couponing business it is challenging to get high search rankings because of the high competition level, however, knowing the techniques it is possible to rank higher.

SEO in Russia is different and I am going to explain why.

According to the research of Matthew Woodward, SEO in Russia is an interesting topic because we do have another search engine which is called Yandex and it is more used than Google, so the throne belongs to Yandex. Recently Yandex made a big change in the algorithms with less focus on links and more focus on the user behavior. For most of the businesses in Russia Yandex has more significance than Google, because more than 60% of Russian Internet users prefer Yandex as their main search engine, however it is very similar to Google and easy to use. If you do SEO for Yandex, your website also ranks in another popular search engine – mail.ru, and last but not the least e-commerce sites rank very well in Yandex. As Russian is such a huge country it is important to keep in mind the region of your business. More than 70% of people in Moscow use Yandex and in some regions, it falls to almost 50%.

'For international SEO, there is no point in using Yandex. However, you can use it for Russian speaking countries such as Ukraine, Belarus or Kazakhstan.' *(Woodward, M., 2017)*

4.1   Snippets

The first information about the site that a person sees is a snippet. And its attractiveness depends on the attendance of the site. Snippet - is the text that is generated by the search engine for a brief description of the content of the page. Typically, it includes a title, URL and a text fragment. Advanced snippets can include favicon, quick links ("Contacts", "Reviews", "Articles", etc.), address, company phone number, a link to the card service and many other elements.

The role of the snippet in the website promotion process is very high. We all look for something on the Internet. You drive in an interesting query and see the search engine: if

the clip seems relevant to you (answer the query), you click on the page. And if not - look further.

Perhaps, on those pages, the fragment which you did not like, was the necessary information. Many users will never know this until their business cards are unsuccessful snippets.

The more attractive the snippet, the more visitors click on it and go to the site. If the page satisfies the user's content, people are on it for a sufficient amount of time or taking actions (fill out forms, order calls, use the site search, make an online chat, make purchases), then clicks affect the ranking of the site. In this case, the number of effective impressions depends on the number of requests per month and the position. *(Hablak, G., 2017).*

It is necessary to check snippets regularly, to be sure of their attractiveness for visitors. If you do not do this, it may be that the reason for low site traffic is not in the incorrect page optimization, but in the illiterate description of them in the search engine. *(SE Ranking, 2016)*

As it was mentioned before Russian SEO is different because of the different search engine, therefore there are differences in snippets as following. At the moment, in Google, the Title headers hold 70 characters or 600 + / 30 (previously it was 60 and 512), but the number of words taken into account has not been changed (12). The title can be taken from the DMOZ system where there are already prepares snippets for many sites.

About Yandex most optimizers agree that this SE displays no more than 80 characters in the Title, taking into account the first 15 words. Description of the pages here can also be taken from the Catalog or Market.

Let see some easy ways for improving the CTR snippets in organic search, which will increase the number of clicks:

- o The use of different utf symbols in the headers makes the snippet visually stand out, but do not overdo it because it can be turned into a bright but not informative garland.
- o For online stores – it is better to use the YML-file to display the price of the goods in the snippet (Yandex).
- o Adding the company's address to the directory of companies of the search system (Yandex).
- o Adding a bright and clear picture (Both Yandex and Google).
- o The use of structured data for the breadcrumbs, as well as for the design of specific content in Yandex and in Google with extended snippets. *(Hablak, G., 2017).*

4.2   Off-site SEO

'"Off-site SEO" (also called "off-page SEO") refers to actions taken outside of your own website to impact your rankings within search engine results pages (SERPs)'.

Optimization of the off-site ranking factors includes better moderation of the search engine and user perception of a site's popularity, relevance, trustworthiness, and authority. This is completed by other reputable areas on the Internet (pages, sites, people, etc.) linking to or promoting your website, and effectively "vouching" for the quality of your content.

It is a well-known fact that the factors of ranking and algorithms of SE are always changing, however, the main factor of SEO community is that 'relevance, trustworthiness, and authority that effective off-site SEO affords a website still play a major role in a page's ability to rank'.

MOZ studies showed that off-site SEO play around 50% of the total ranking factor weight.

The main factor of off-site SEO is building the backlinks. SE use backlink to indicate the page's content quality, so more links on the page, better ranking on search engines.

There are 3 types of link building:

o   **Natural links** are links which are editorially given without any special action from the page owner. For instance: fashion blogger will put a link in the blog with the favorite brands' pages.
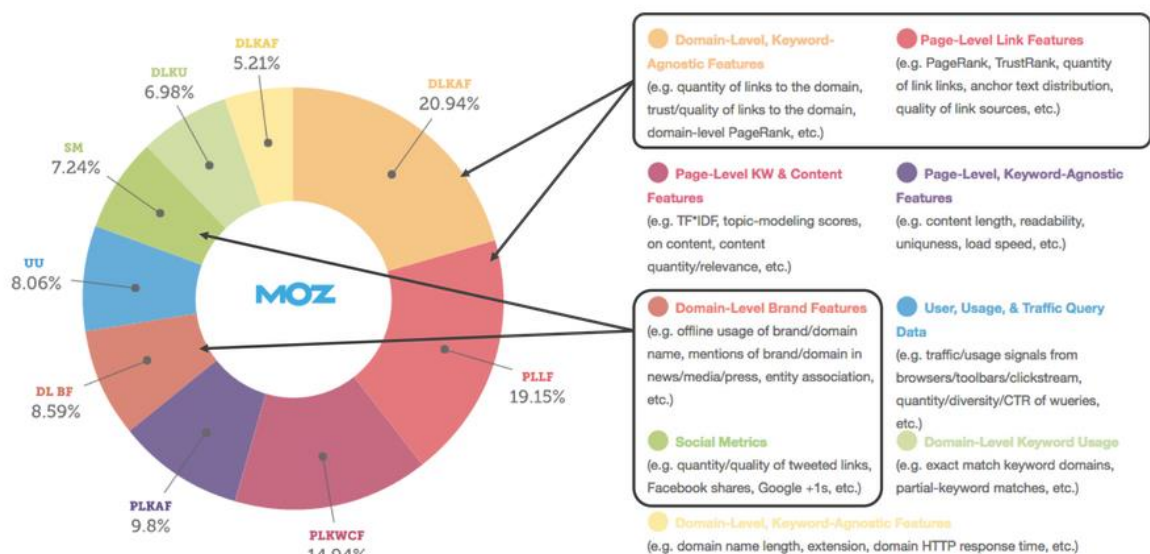

Figure 8 What is off-site SEO? (Moz, 2018)

o **Manually built links** are links made with an agreement between two parties. For example: in our couponing sites we are making articles on our WL sites with links to our pages.

o **'Self-created links** are created by practices such as adding a backlink in an online directory, forum, blog comment signature, or a press release with optimized anchor text.'

No matter how links were made, matters those links which present the greatest contribution to SEO practices with the most equity. There are some positive signals that the equity was achieved: ehe linking site's popularity, how related the linking site's topic is to the site being linked to, "freshness" of the link, anchor text, trustworthiness of the linking site and so on.

There are also different ways of off-site SEO, which are not connected with links. While a site earning external links from another website it is important to keep the SEO activities to get a better ranking position. Main ways are social media marketing, guest blogging. linked and unlinked brand mentions and influencer marketing. Through all these ways it is important to connect everything with the main website, otherwise, SE will not recognize it.

'At a high level, improving the "off-site SEO" of a website involves improving search engine and user perception of a site's quality. This happens by getting links from other sites (especially those that are reputable and trustworthy themselves), mentions of your brand, shares of your content, and "votes of confidence" from sources outside of your own website.' *(Moz, 2018).*

5   SOCIAL MEDIA MARKETING

Social media marketing is directly linked to the high brand awareness, to let people know about the business company should use different marketing tools. According to Emma K Macdonald and Byron M Sharp brand awareness effects in the consumer decision and repeat the purchase of the product. 'Awareness differentials seem to be a powerful influence on brand choice in a repeat purchase consumer product context. Consumers show a strong tendency to use awareness as a heuristic and show a degree of inertia in changing the habit of using this heuristic.' *(Macdonald, E. and Sharp, B. 2000).* Their studies showed that brand awareness is an important choice tactic for consumers facing a new decision task and people who are aware of the brand in a choice set tend to sample fewer brands across a series product trials. In this research, one of the ways to increase brand awareness is through social media marketing.

The role of social media nowadays is extremely high. It is uncommon to find a company that does not reach its customers and profits through any social media platforms. Organizations understand the significance of using SM in order to connect with clients and build a revenue. Companies realized that SMM helps to generate insights, stimulate demand, and create targeted product offerings. It is obviously important for the e-commerce world. Many studies advise the implementation of social media platforms within the working process because it can strengthen knowledge sharing. 'Fully implementing social technologies in the workplace removes boundaries, eliminates silos, and can raise interaction and help create more highly skilled and knowledgeable workers.' *(Gaitho, M., 2017)*

However, the low number of social 'shares' can bring to negative social proof and also destroy business credibility. Some companies after experiencing the negative effect of the social media are removing social sharing bottom.

One case study from Finnish e-commerce retail Taloon.com showed that conversions raised by 12% when they removed share buttons from their product pages. It is a clear example of double-edged nature of SM impact. When a product gets many social shares, it can reinforce sales. *(Gaitho, M., 2017)*

Figure 9 'The Social Commerce Handbook' (Gaitho, M., 2017)

5.1   Social Media promotion

In this part, the most effective ways to promote your business through social media will be highlighted because I strongly believe that social media can bring your business to high success.

To gain an audience of 50 million people, the radio took 38 years, the television - 13. Facebook received 200 million users in less than a year. More than 82% of Internet users have accounts in social networks and spend (at least) two hours a day. Russia ranks first in Europe for the popularity of social networks. There is a growing number of users who come to social networks not for communication, but for information, as well as businesses which understand that social media is an effective marketing channel. If you want to promote the project through social networks, then there some main ways to do it in the best way. *(Ledneva, L., 2014)*

o **Content – is the main factor of promotion.**

Any SMM-specialist will confirm: without quality content, promotion tools are useless. If the page of your brand is boring, do not expect to grow the audience and its loyalty. Three components of good content:

- **Uniqueness**. The information you publish should be relevant and exciting. Do not copy materials from other resources. The exception is cross-hosting between the company's blog and its page in the social network.

- **Regularity**. Articles must be published systematically. Two, three, four or seven times a week - depends on the specifics of the business and its target audience. So, people from the business environment will have two or three updates, and for the beauty community, this is clearly not enough. You must adhere to the selected content strategy, regardless of the number of subscribers.

- **Viral.** Publications should be alive, evoking an emotional response in the form of a burning desire to tell friends about them. Avoid frankly advertising posts.

In addition, the generation of content for social networks has a number of features, caused by the specifics of the platforms themselves. *(Ledneva, L., 2014)*

Facebook in Russia is not for everyone. It is used by marketers, programmers, and other IT people. They are not frightened by the "complicated interface", but in the sphere of their interests - gadgets, Internet, travel, education, books and business in all its manifestations. They will enjoy and shuffle materials of these subjects, as well as motivating articles, setting positive. Most of the active Facebook audience uses a mobile application.

"VKontakte" - the largest social network in Russia (more than 230 million registered users). The audience is younger; in the focus on the interests of users mainly entertainment (communication, games, music, movies, etc.). VK users do not favor text content, they prefer photos and videos.

Among the photos lovers in Russia, Instagram is the most popular. At the same time, keeping the brand page in Instagram, it is recommended to adhere to a uniform style in design (use not only standard filters, but also third-party photo editors), and also place objects on the photo on 2/3 of the screen (this makes the picture visually attractive). *(Ledneva, L., 2014)*

o **Targeting**

Targeting is the creation of an advertising message aimed at a specific part of the audience, depending on its interests, place of residence and other criteria. Targeting increases the effectiveness of advertising.

The possibility of placing targeted advertising is available in almost all social networks: VKontakte, Facebook, Odnoklassniki, and others. In this case, it is believed that targeted advertising in social networks is more suitable for the B2C sector. However, in B2B there are companies that effectively solve business problems through targeted advertising. Some targeting types:

- Geographical - showing ads to residents of a certain region/city/district, etc.
- Socio-demographic - showing ads depending on gender, age, marital status and other social criteria.
- Contextual - the display of advertising in accordance with the interests of the user. Membership in groups such as "Fashion", Fashion, "Shopping", etc., clearly demonstrates the interests of the user.
- Behavioural - the display of ads depending on the user's specific actions (routes of movement, favourite places, frequent search requests, etc.).

Despite the simplicity, targeting is a tool that requires serious preparatory work. First, it is important to analyze the target audience of the brand. Secondly, compose an announcement. *(Ledneva, L., 2014)*

o **Advertising in Communities**

Advertising in communities is the purchase of placement of posts or reposts in popular communities. In the first case (buying a post), the advertiser's goal is to increase traffic on the company's website; in the second (purchase repost) - the involvement of users in the group of companies in the social network. At the same time, more subscribers community has, more the post will cost.

o **Professional promotion in social media**

Implied for services that provide paid services for promotion in social networks. Usually, they independently create high-quality content, launch a targeted mechanism and agree on advertising in communities. *(Ledneva, L., 2014)*

5.2 Newsletters

How to give customers even more attention and keep their loyalty? According to the survey of marketers "Digital marketing tactics for attracting/retaining customers", which methods and tools they use to maintain/increase customer loyalty, **email marketing** is the most effective tool.

Despite the growth of various forms of communication, such as instant messaging, chat rooms and social networks, email remains the leader of business communication. Moreover, an email address is needed for almost all forms of communication (social networks, chat, etc.) and for all types of e-commerce (online shopping, banking, etc.). More than 215 billion e-mails are sent daily - another argument for email-marketing.

But for the effective work of email marketing campaigns, it is not enough just to organize mailing letters. There are a number of subtleties and features that are worth considering for getting the best results. The most important points to consider when conducting email campaigns will be showed below.

- o **Adaptability**

The tendency to use adaptive design in newsletters becomes more and more relevant as the number of mobile users increases. Problems with the layout of letters significantly worsen the overall impression of the company from which this letter was received. For the first-time mobile mail began to be used in 2011. At that time, the rate of discovery of letters was only 8%. *(Fursa, S., 2017)*

2016 showed that mobile devices and web applications are gradually replacing a desktop. Today 55% of Internet users come from mobile devices.

In 2016, e-mail reading grew from 33 to 39%. At the same time, mobile traffic is also growing. According to Litmus and MailChimp mailing list services, adaptive letter design can increase the number of unique conversions for mobile device users. To increase the effectiveness of email campaigns, adaptability needs to be approached thoroughly, adapting not only letters but also the site, since if the letter is adaptive and the site is not, the purpose of the mailing will not be achieved.

- o **Frequency control**

According to the results of the survey on what exactly people do not like about receiving mailings on a mobile phone, the main reason for dissatisfaction was the oversaturation of mailboxes and the irrational frequency of mailing.

The time of sending letters directly affects the effectiveness of email marketing campaigns. It is important to test the newsletters to optimize the time for sending individual types of letters (promo and trigger). Also, to ensure the adaptability of letters, so that smartphone users feel comfortable reading the mailings.

o **Personalization**

The distribution of standard messages to the entire contact base is no surprise. Each user will be pleased to receive something special, something "just for him/her." To ensure personalization, a qualitative segmentation of the contact base is necessary. The most effective tool for segmentation is the questionnaire. Unfortunately, not all subscribers will fill out the questionnaire, so there are other personalization methods that do not require additional actions from the client. For example, segmentation based on data about previously purchased products or on user activity (how often they order? How often does it open letters from the mailing list?). *(Fursa, S., 2017)*

After studying the audience, it is easier to pick up better content and improve the effectiveness of newsletters. *(Fursa, S., 2017)*

6   FUTURE TRENDS AND POSSIBLE THREATS

Nowadays, the world is developing day by day and it is highly challenging to indicate future customer needs, however, I strongly believe that in Russia people will trust more online shopping sites and will purchase everything like in many Europeans counties. Therefore, it is important to catch up with new updated and develop platforms as well.

6.1   Future trends

Russian people spend an average of almost 1/10 of their time on the Internet which is more than five hours a month, on websites and applications devoted to shopping, according to the GfK Crossmedia Landscape 2017 report, conducted in August 2017 on the example of 6,000 people. Leaders in the scope of the audience are still SE and social networks, but the importance of marketplaces and online stores is growing as well. From the list of the top 25 largest online brands on the desktop as well as on mobile devices in Russia, leaders are Avito, AliExpress, Yandex.Market, Yula (included in Mail.ru Group) and Ozon.

GfK also notes a noticeable growth in the e-commerce audience in Russia this year. If in 2016, 25% of all users made purchases on the Internet, then in 2017 the share already increased to 30%, that is, 24 million Russians aged 16-55. Another trend is the growth in the share of orders from mobile devices. The computer and laptop are still the main devices for online purchases, but their share in the total volume of orders is gradually decreasing, analysts say. According to a joint study by GfK and Yandex.Market, by September 2017, mobile devices accounted for 17% of orders in Russian online stores and 22% of orders in the cross-border trade segment. At the same time, almost 80% of purchases from mobile devices in foreign stores were made through a mobile application. In Russian online stores, this figure is still only 27%.

AliExpress believe that the next trend will be a bunch of social networks and marketplaces, whose users will generate their content for each of the products, without leaving the mobile application. "It's not enough just to give the user a picture or a qualitative description of the goods. The buyer needs an interactive, not feedback, " the company says.

(Rozhkov, R., 2017)

6.2 Other possible promotional channels

Our project is using all the most efficient and popular promotional tools, however, a few months ago one already famous Russia social network called Telegram seemed very attractive.

Telegram is a free application for instant messaging, with which you can send text, photos, videos, and music. The messenger is in the trend and actively developing. Its audience in Russia has tripled in a year and reached 6 million users (as of January 2017). Prior to the main competitor, the messenger WhatsApp, so far. Telegram attracts not by the numbers, but with new opportunities. Telegram was the first to enable users to create bots, channels, and chats.

The main thing is to choose a theme that corresponds to your business, interesting to your potential buyers. Publish content on the topic and periodically talk about the company's news, promotions and special offers and sell the audience a product/service. *(Treshev, N. 2018)*

SWOT Telegram

Strengths	Opportunities
1. 50%-80% opening rate (compare to 20% and 10% in VK and Facebook respectively). 2. Bots as a highly responsive method for the sale 3. Targeted audience, much better alternative compared to emailing, also due to higher opening rate 4. Easy to implement	1. Still in the early stage of development -> opportunity to occupy a niche, no our competitors are there yet 2. Immense growth - Telegram, December 2017 had about 180 million users and is luring half a million more each day. (Bloomberg Technology) 3. No advertisement yet on this channel and low number of channels per user ->extremely high engagement 4. Trackable virality 5. Additional value for our Visibility Package

	6. Opportunities for cross-marketing activities and closer engagement with advertisers
Weaknesses	**Threats**
1. Lost transactions due to in the sufficient cross-device tracking system 2. Bots can be expensive 3. An additional full-time position is required in order to run and develop this channel	1. Changes in this marketing channel are inevitable due to its high growth 2. More and more businesses including telegram into their marketing strategy and oversaturating the market

Table 1 Telegram SWOT (Savings United team, 2018)

Conclusion

Given that implementation and development of this channel does not require a lot of investments, i.e. bots can be also written by our own IT team, and also early stages of this social media channel, we consider it as worth trying.

6.3 Cashback as a threat

At the moment, there are more than 50 of cashback services and according to some information - about a hundred companies. In terms of sales, the number of attracted customers and attendance by market leaders in 2017 are such cashback services as Megabonus, LetyShops, ePN, Kopikot.

The volume of the e-commerce market, according to the Association of Internet Trade Companies (ACIT), in the first half of 2017 grew by 22% in Russia and amounted to about 500 billion rubles. Against the background of the general growth of the e-commerce market, the number of users of cash-back services in Russia is increasing by almost 500 thousand each month. It is a fast-growing service, with a huge market. We have done SWOT analysis which shows that it is still possible to enter the market. *(TASS, 2017).*

SWOT Cashback sites

Strengths	Opportunities
1. Big customer base (20-25 million users in Russia) 2. High loyalty (chrome, safari extension) 3. The higher amount of transactions, higher basket size compared to couponing model (as cashback motivates to buy more) - 4. The additional value obtained through a database of users, collect all their data- 5. Additional revenue from big players which do not cooperate with couponing sites, but with cashback - i.e. MediaMarkt, Megafon	1. Get a new pool of customers (Monthly growth of 500k new cash back users) 2. Cashback + promocode business- the share is much smaller compared to 100% cashback sites 3. First WL cashback - higher chances for loyal users
Weaknesses	**Threats**
1. Lack of knowledge of this business model 2. Very time consuming to implement a new business model-> will lead to a drastic revenue decrease 3. Human resources should be taken for the implementation	1. Very high barriers to enter the market (there are many big cashback services in Russia already) 2. Many advertisers have their own cashback services, which increase entry barriers even more 3. Negative changes in cashback policy from brands

Table 2 Cashback SWOT (Savings United team, 2018)

Conclusion

Cashback is booming in Russia, it would be hard to compete with the leaders, but we can try to find a competitive advantage and occupy a niche, e.g. target to be the first White Label Cashback in RU. The main challenge of implementing this strategy is the lack of IT knowledge as cashback service requires the whole new platform.

7   CONCLUSION AND DISCUSSION

The theories and examples above were to aid the discussion about the main research question. What is the current situation of the couponing market? The Russian service market often adopts western trends or new formats. So, it happened with coupon services. In 2010, Internet simply flooded the site-coupons, there, for example, people could buy a coupon for 100 rubles and make a manicure with a discount of 60-90% in the new showroom. Advertising coupons were large, but since 2012, many companies have run out of investment money, and the market by 2015, according to experts fell in 3-4 times to an annual volume of 2-2.5 billion rubles. Now only 15-20% of the population enjoy coupons, but the market starts to grow, experts predict plus 10-15% this year and 20% growth in the next.

As the market research showed, Russian market has a potential, however, due to the fast-growing technological world, it is challenging to follow all the aspects. People are choosing to do most of the thing online, they order food, clothes, buy tickets and paying their bills. The Internet is vast, therefore to reach the competitive advantage becoming mostly impossible. The market is already full of various couponing websites and also cultural aspect plays a huge role. By investigating a market, it is possible to see that people require another type of education about the couponing niche. Couponing business had a huge success in 2011-2012 after that many websites started to post fake offers and promocodes. A lot of scandals brought Russian people not to believe in these attractive sales. Couponing business lost the trust of their customers. Russia has a complex business structure where is it important to be aware of all the aspects of the country.

Online shops have high demand among the investors. Businessmen believe in the prospects of the market, despite the existing barriers to its development in Russia: problems with the delivery of goods, mistrust of consumers, unpopularity of non-cash payments and high rental costs.

The Russian wardrobe is often updated due to the seasonality of the climate, as a result, clothes and shoes take away a fair amount of the family budget. The reason for the growing popularity of online purchases of clothing and footwear is the opportunity to save money (most of the people buy things with a discount or with a use of special offer). The same factor explains the preferences to make purchases in Russian online stores, the delivery is much cheaper than shipping from abroad.

Online shopping is popular in Russia, however, some shops do not want to be a part of an affiliate marketing system due to the different issues. To build a profitable couponing site it is important to know the statistics of the website, customer preferences, concerns and future needs.

Today, in the process of work, each company, setting new ambitious tasks, simultaneously faces a large number of problem situations inherent in the market economy. The real problem of doing business was the problem of finding effective demand. It is not enough to produce goods, it is necessary to organize all the work in such a way as to profit from the sale of this product. To do this, the company need a clear idea of what the consumer wants or can want. Marketing is not just another part of the business. It is a "business in business" that allows earning money for an enterprise by creating additional value, using available resources, creating additional value for the consumer on the basis of careful study of information about the market and competitors.

Every business requires the right marketing strategy. There are many ways which are mentioned in a research which will definitely improve brand awareness and bring new customer base.

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