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Bringing a Finnish Company to the Russian E-Market

Bachelor's Thesis 2012
Abstract
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The main objective of the project was to enable a small business case company that is operating in the town of Lappeenranta, Finland, to reach successfully its target segment (Russian consumers) with the help of digital technology in order to increase sales both in its physical shop and in online store.

In order to reach the aim of the project and bring Russian consumers and the case company together by the means of electronic marketing, a marketing plan for the promotional campaigns of the case company in Runet was created.

The data for this project was collected through a review of secondary data. Information was gathered from the most current paper-based (research and market reports, annual reports, internal records of organizations) and electronic sources (online databases).

Theoretical and empirical parts were interwoven throughout the whole thesis work. Hence, the project was not divided into theoretical and empirical part.

The framework of the project was created: the partner of the project was introduced, the web infrastructure and types of the advertising used by the case company were analyzed, the data of Internet users worldwide and particularly in Russia were examined, the significance of Internet advertising was discussed, the profile of Russian online consumers was determined, Runet and its leading platforms were looked at in details and the advantages of Internet marketing over traditional marketing were specified. Data, gathered on the above mentioned topics, was analyzed and on the basis of the results a marketing plan for the promotional campaigns for the case company in Runet was developed.

As a result of this project the case company is enabled to penetrate Russian E-Market, being present in the leading search engines of Runet, Russia’s biggest and leading social media website and being advertised on one of Internet platforms reaching Russian-speaking target audience that is living in Finland.

This work also gives the recommendations on how to increase the visibility of the case company in Runet using other tools than advertising, such as Search Engine Optimization that can be done by the Webmaster.

Keywords: Russian E-Market, Online Marketing, Internet Advertising, Internet Marketing vs. Traditional Marketing, Runet, Russian Internet users, Russian Online Consumers, Search Engine Marketing, Search Engine Optimization, Pay Per Click, Social Media.
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1 Introduction

According to Finnish Tourist Board in 2010 Finland received approximately 2.6 million Russian visitors and that is the largest group out of all international travellers. Among other travellers, Russian tourists spent the highest amount of money (653.1 million euro) during their visit to Finland in 2010, the major share of total expenditure accounted for shopping. (Finnish Tourist Board/Statistics Finland 2010.) In 2011 spending by Russian tourists in Finland increased by 22% (Invest in Finland 2012).

Nowadays the role of Russian tourists in Finnish economy is significant. The number of Russian shoppers in South Karelia region is increasing every year. (South Karelia 2012) Finnish frontier towns that are located close to the border have benefited considerably from cross-border shopping. The phenomenon that many Russian people cross the border to shop in Finland has increased the interest of local enterprises.

One of the most popular destinations among Russians is Lappeenranta. It is visited by a third of all Russians crossing the border in South-Eastern Finland. (Lappeenranta 2011.) Vicinity of the Russian border to Lappeenranta is a significant factor to local business life (South Karelia 2012).

According to Imatran Kehitysyhtiö in 2011 the volume of tax-free sales in Lappeenranta is overtaking the volume in the capital of Finland, Helsinki. The statistics for December 2011 shows that the amount of tax-free sales in Helsinki for the year 2011 accounted over 80 million euro that is 29% more than in the year 2010. In Lappeenranta for the same period tax-free sales accounted over 76 million euro, this number is less than tax-free sales in Helsinki, however the growth in comparison with the year 2010 is bigger, 46%. (KEHY 2012.)

Due to the fact that the number of Russian tourists in Lappeenranta is growing every year, local companies feel they need information on how to approach this big segment by the means of advertising and the case company of this thesis work
Kauneusstudio Serenius & Tujula Oy that is located in Lappeenranta is not an exce-
ption.

Kauneusstudio Serenius & Tujula Oy is running a beauty studio and provides ver-
satile beauty services: treatments and therapies. The company also acts as a re-
tailer of high-quality cosmetic products. As for many other companies that are op-
erating in Lappeenranta, one of the target markets of the case company is Russian
consumers who travel to Lappeenranta and who are making purchases in online
stores being present in Russia.

Target market is a specific group of consumers at which a company aims its prod-
ucts and services (Churchill & Iacobucci 2010, p.142).

For Kauneusstudio Serenius & Tujula Oy this is the right target market, due to the
fact that the main purpose for Russians visiting Finland is shopping and the last
several years have been characterized by a rapidly growing demand among Rus-
sian consumers for high-quality and individualized cosmetics. Russian women
spend a significantly higher portion of their disposable incomes on cosmetics com-
pared to their counterparts in other countries (Podsushnaya 2010).

In the year 2000 in Russia the phenomenon of the metro sexuality took place and it
raised the demand for cosmetic products among Russian males. Metrosexual
tendencies are penetrating urban culture and the number of Russian males using
cosmetics keeps growing. (Intercharm Professional 2012.)

During the last decade the Russian beauty products market has been experiencing
steady growth and has been one of the fastest growing industry sectors in Russia
(Podsushnaya 2010). That proves that the case company is targeted on the right
segment that will most likely purchase the company’s products. The question is
how to attract this crucial target audience by the means of advertising.

1.1 Aims and delimitations of the project

The main objective of the project was to enable a small business case company to
reach successfully their target segment (Russian consumers) with the help of digi-
tal technology in order to increase sales in its physical shop, which is located in Lappeenranta, and in online store.

In order to bring Russian consumers and the case company together by the means of electronic advertising, a marketing plan for the promotional campaigns in Runet was developed. In the developing process of the marketing plan the industry, where the case company operates, target audience, timelines of the promotional campaigns and the budget of the company were taken into consideration. Taking into the account all above mentioned aspects allowed choosing the most efficient platforms for the advertising in Runet of the case company.

Due to the fact that the main aim of the thesis was to enable the case company to attract potential Russian consumers via efficient electronic communication channels in Runet, the project was emphasized on creation of the marketing plan for the promotion of the company.

To obtain the best results and highest return on the marketing investment, the case company should take several crucial steps before the implementation of the marketing plan.

To get successful results from the marketing campaigns it is important to take into consideration customers’ preferences, for that it is needed to conduct a research on cosmetic product lines that are more popular among Russian consumers. It will help to understand how it is better to display the products in online store and physical point of sales. Moreover, it is vital to develop the website of the online store to which online adverts will lead by creation of the convenient conditions for the product overview and easy shopping online. For choosing the right content for the website that will be attractive for the consumers and for finding out what are the most convenient payment systems for Russian online shoppers and the ways of delivering the products to Russia, other researches should be made. In order not to disaffiliate with the framework of the thesis mentioned previously, researches should be delimited from the project.
The major research question in this project is what the most efficient platforms (search engines/portals, social media websites) are for the promotion of the case company in Runet.

1.2 Research method

Quantitative research uses numbers and statistical methods. It tends to be based on numerical measurements of specific aspects of phenomena. (King et al. 1994, p.3.) Quantitative research method can be used in forecasting customers’ attitudes, behavior, performance and it is useful for advertising studies (Warwick equest 2012).

Due to the fact that the main research question of the project concentrated on seeking the most efficient platforms in Runet for the advertising of the case company and versatile numeric data was needed to be collected, the quantitative research method was chosen for this thesis work.

Research effort turns to data collection when research problem is defined and clearly specified (Churchill & Iacobucci 2010, p.142).

Due to the fact that the case company is targeted on Russian consumers, there was need to prove that the town of Lappeenranta, where Kauneusstudio Serenius & Tujula Oy operates, is a popular destination among Russian travellers, and their major goal of visiting Finland is shopping. That is why statistical information on the amount of Russian visitors in South-Eastern Finland and particularly in Lappeenranta was gathered, as well as statistics on tax-free sales to Russian consumers in Finland.

The idea of this project is based on the hypothesis that nowadays Internet is a leading marketing space and consumers are more and more seeking for information about products and services online. This hypothesis is the reason why the case company should increase its online visibility by the means of advertising. In order to prove the relevance of this hypothesis and project itself, data concerning annually growing number of Internet users and online shoppers was collected.
Moreover, statistical information on particular profile of Russian online shoppers was gathered in order to prove that Russians are tend to shop online and whether the cosmetic products sold online are in demand among Russian consumers or not. Information on Russian Internet users’ preferences in choosing platforms in Runet for seeking the information about products and services was also gathered in order to answer the research question.

Statistical information for this project has been gathered through a review of secondary data.

Secondary data is data that was collected for some other purpose other than the current project (Saunders et al. 2009, p.256).

Secondary data analysis can be used in order to examine trends over time (Finn et al. 2000, p.41).

Due to the fact that the Internet is growing and changing very fast it is crucial to define correctly the tendency in electronic marketing. The trends can be easily observed with the help of the secondary data that is provided over periods of several months or years.

Data that was used in this thesis work was collected from the most current paper-based (research and market reports, annual reports, internal records of organizations) and electronic sources (online databases). For this project secondary data provided enough insight so there was no need to collect primary data.
Presentation of the partner: Kauneusstudio Serenius & Tujula Oy

Kauneusstudio Serenius & Tujula Oy was registered as a limited company and started to operate in the year 1994. It is a small business company that is managed by two owners. The company is running beauty salon business and a retail shop of high-quality cosmetic products.

The mission of the case company is to attract Russian consumers to purchase the products that the company sells, by increasing the visibility of the company on Runet’s platforms, and to become a leading beauty studio in South Karelia region.

The personnel of the beauty studio provides high quality personalized service for both men and women, using superior products and the most advanced techniques in the beauty industry. The beauty studio offers a wide range of facial and body treatments and therapies. The company owns two websites, one of them is www.kauneusstudio.net, on which the basic information about the company is presented (contact information, working hours) and the information on the treatments and therapies that are offered for the customers in the beauty studio.

Acting as a retailer, Kauneusstudio Serenius & Tujula Oy sells its products in the beauty salon, as well as in online store www.netkosmetiikka.fi. The company offers its customers a large range of high-quality cosmetic products for both men and women (skin care and sun protection products, make-up, perfume), representing such brands as: Gatineau, Darphin, Mariderm, 4711, Arbutin, Tosca, Eyefect, Tabac, Gant, JLO, Sally Hansen, Juvena, David Beckham, Celine Dion, Kate Moss, Kylie Minogue, Calvin Klein, Lovely, Lagerfeld, Vivisante, Esprit, Davidoff, Joe Blasco, Britney Spears beauty and others.

All the information presented above was obtained from the interview with the owner of Kauneusstudio Serenius & Tujula Oy Jarmo Tujula and from the pages of the websites of the case company www.kauneusstudio.net and www.netkosmetiikka.fi. The list of the questions asked on the interview with the owner of Kauneusstudio Serenius & Tujula is presented in Appendix 1.
3 Analysis of the web infrastructure of Kauneusstudio Serenius & Tujula Oy and types of advertising used by the company

The structure of the website of online store is very well developed, it is easy to navigate on it and search for the products. For instance, to find an appropriate product for individual customer is that simple and fast as just filling in the short form that allows reflecting in search result tailored products for each customer. To see the search results with tailored products it is needed to choose a product category, to specify the age, skin type and customer’s problem. By filling in time reservation form online it is also possible to reserve time for free consultation with the personnel of the beauty studio online by Skype (*Internet service that allows to make free calls and send messages free of charge) or by phone. Free customer service online or via phone includes practical guideline on product choice or usage, various practical tips for different purposes (for instance, how to apply make-up correctly). Moreover, on the website of the online store videos with practical guidelines are available. In addition to all this, there is a blog on the website, which presents cosmetic industry news and gives beauty tips.

Currently the online store www.netkosmetiikka.fi is available only in Finnish, it operates only domestically and the products are delivered only in Finland. The payment methods that are available on the online store for now are the following: by credit card (Verified by Visa, Visa Electron, Visa, MasterCard), via net banking (Nordea bank, Sampopankki, Säästopankki and Osuuspankki) and via Klarna billing system.

However, business environment is changing and today not only Finnish, but also Russian consumers are the big target audience for Kauneusstudio Serenius & Tujula Oy. The precise target group of Russian consumers of the case company is the following: females (approximately 85% of the group) and males (approximately 15% of the group), age 30-60 years old, from Saint-Petersburg, Leningrad region and Moscow with middle or high level of income. (Tujula 2011.)

In order to cover the target market and start selling to Russian consumers, some ways of doing business by the case company should be changed and improved.
That is why the future plans of the company include translating the website into Russian language; hiring Russian-speaking personnel in order to manage the customer service more efficiently; establishing the delivery to Russia and installing of other payment methods that are widely used by Russian online shoppers.

All the information presented above was obtained from the interview with the owner of Kauneusstudio Serenius & Tujula Oy Jarmo Tujula and from the pages of the websites of the case company www.kauneusstudio.net and www.netkosmetiikka.fi.

Targeting business to Russian market, the company should take into consideration the differences in payment methods that are used in Europe and in Russia. For instance, such online payment method as PayPal does not even operate in Russia. Moneybookers is available, but not very common. In order not to fail online business on Russian market, it is crucial to enable the consumer to pay for the products or services. (Russian Search Tips 2011.)

According to the report of RuМетрика (2011), only 40% of Russian people own a credit card.

Out of those 40% only 29% are using credit cards frequently. Mainly, credit card owners in Russia are using them for receiving salaries. Moreover, only 5% of credit card owners confirm that they have used their cards to purchase products or services online at least once. (RuМетрика 2011.)

It can be conducted, that the company that is doing online business on Russian market should not include in the payment methods only credit cards, but also install other online payment systems.

Webmoney is a PayPal clone, it is a payment system targeted primarily at the Russian market (Russian Search Tips 2011). This is the most popular and widely used online payment system in Russia. Other online payment systems used in Russia are the following: Yandex.Money, RBK Money, MoneyMail, Moneta.ru and others. (Aero Translate 2012.)
Mobile payment is another alternative method of payment. Mobile payment can be conducted by sending SMS, with usage of a bankcard. It is an easy, fast and convenient method.

In Russia SMS-billing is one of the most popular means of payment (Docstoc 2011).

On August 2011 East-West Digital News announced that most major Russian mobile operators have launched their own payment systems (East-West Digital News 2011b).

Doing business online on the foreign market (in this case on Russian market) it is important to investigate how e-commerce system is built there and how it functions, in order to avoid failing the business on the targeted market.

In the interview with the owner of the case company Kauneusstudio Serenius & Tujula Oy it was mentioned that despite the annual growth of Russian visitors in South Karelia region, the number of Russian customers in the physical shop, which is located in Lappeenranta, has not increased considerably.

The case company is a small business that has quite tight budget for marketing purposes. The company has tested one of the tools of traditional marketing targeted at Russian segment – leaflets that were handed out in Lappeenranta. Two thousand samples of leaflets with basic information about the company were handed out to the potential consumers, however the response rate was very low. The company is also using as its main media another tool of traditional marketing - outdoor advertising: billboard, that is allocated near the entrance to the beauty studio and posters on the windows of the studio together with the digital badge that is scrolling advertising text.

In the year 2010 Ekaterina Makeeva has conducted the research on the profile of Russian consumers who are travelling to Finland. According to Makeeva, Russian female travellers are more shopping-oriented type of tourists, than male, and they are planning everything in advance and are not spontaneous in decision-making.
Hence, it can be concluded that such tool of traditional marketing as leaflets that are handed to the potential consumers who have already arrived in Finland is not an efficient promotional method. It can be assumed that potential customers had not enough time to make the decision; they might not had enough available finances on that particular trip at the time when they received the leaflets, as the visiting of the shop of the case company was not planned in advance. In addition, it can be mentioned that due to the fact that leaflets included only basic information about the company and customers had no possibility to see the description of the product lines available in the shop and their prices, the information included in the leaflets was not attractive enough and acquired information about the shop could be quickly forgotten.

Traditional marketing is a common marketing method. TV and radio, magazines, newspaper, posters, billboards, leaflets or flyers are media for traditional marketing. However, traditional marketing requires substantial time and budget to get the desired result. On the contrary, when examining the ratio of cost to the reach of the target segment, Internet marketing is inexpensive. (Haritham Technologies 2011.)

The information on the topic of Internet as a leading media space, how powerful the Internet advertising is nowadays and information on the topic of the advantages of Internet advertising over traditional advertising will be discussed in the following chapters, however some benefits of online advertising should be mentioned in this paper. As it was mentioned before, the case company runs an online store, to which the online adverts could lead. For potential customers it brings extra value. Consumers who are looking for the information about the products in the Internet will get an opportunity to study in detail the product lines and the prices and to choose whether to purchase them online or to make a shopping plan precisely before coming to Finland and then to purchase the products in physical point of sale in the beauty studio of the case company. That is why the case company should use these undeniable advantages of online advertising and start promoting its business in the Internet.
4 Internet worldwide and Russian Internet users

In 1969 The Internet began as a university research project. This project was funded by ARPA—a U.S. military research organization. Internet existed mostly in obscurity for the next 20 years. Internet used to act as a network for governmental and academic researchers during this period of time. The breaking point event for the Internet occurred in 1989, when Tim Berners-Lee proposed the World Wide Web. However, the web became reality only a year after the event had happened, when the first primitive browser was implemented. In 1993 there was a release of the free Mosaic browser and in the year 1994 Netscape browser of PCs was already in use to get on the Internet quickly and inexpensively. Since that time the worldwide number of Internet users is constantly growing at a stronger rate. (eT-Forecasts 2012.)

According to Internet World Stats, Russia takes the seventh place out of the top twenty countries with the highest number of Internet users. The latest data of the number of Internet users shown in Table 1 below was provided on 30 June 2011. According to the statistical information, in the year 2011 the population in Russia accounted 138,739,892 inhabitants, out of which 59.7 million are Internet users which represent 43% of population. The information provided in Figure 1 also shows the tendency of the growth in the number of Internet users. In the year 2000, only 3.1 million people were using the Internet in Russia. (Internet World Stats 2012.)
### TOP 20 COUNTRIES WITH HIGHEST NUMBER OF INTERNET USERS

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<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>1,336,718,015</td>
<td>22,500,000</td>
<td>513,100,000</td>
<td>38.4 %</td>
<td>22.5 %</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>313,232,044</td>
<td>95,354,000</td>
<td>245,203,319</td>
<td>78.3 %</td>
<td>10.8 %</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>1,189,172,906</td>
<td>5,000,000</td>
<td>121,000,000</td>
<td>10.2 %</td>
<td>5.3 %</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>126,475,664</td>
<td>47,080,000</td>
<td>101,228,736</td>
<td>80.0 %</td>
<td>4.4 %</td>
</tr>
<tr>
<td>5</td>
<td>Brazil</td>
<td>194,037,075</td>
<td>5,000,000</td>
<td>81,798,000</td>
<td>42.2 %</td>
<td>3.6 %</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>81,471,834</td>
<td>24,000,000</td>
<td>67,364,898</td>
<td>82.7 %</td>
<td>3.0 %</td>
</tr>
<tr>
<td>7</td>
<td>Russia</td>
<td>138,739,892</td>
<td>3,100,000</td>
<td>61,472,011</td>
<td>44.3 %</td>
<td>2.7 %</td>
</tr>
<tr>
<td>8</td>
<td>Indonesia</td>
<td>245,613,043</td>
<td>2,000,000</td>
<td>55,000,000</td>
<td>22.4 %</td>
<td>2.4 %</td>
</tr>
<tr>
<td>9</td>
<td>United Kingdom</td>
<td>62,698,362</td>
<td>15,400,000</td>
<td>52,731,209</td>
<td>84.1 %</td>
<td>2.3 %</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>65,102,719</td>
<td>8,500,000</td>
<td>50,290,226</td>
<td>77.2 %</td>
<td>2.2 %</td>
</tr>
<tr>
<td>11</td>
<td>Nigeria</td>
<td>170,123,740</td>
<td>200</td>
<td>45,039,711</td>
<td>26.5 %</td>
<td>2.0 %</td>
</tr>
<tr>
<td>12</td>
<td>Mexico</td>
<td>115,017,631</td>
<td>2,712,400</td>
<td>42,000,000</td>
<td>36.5 %</td>
<td>1.8 %</td>
</tr>
<tr>
<td>13</td>
<td>Korea</td>
<td>48,754,657</td>
<td>19,040,000</td>
<td>40,329,660</td>
<td>82.7 %</td>
<td>1.8 %</td>
</tr>
<tr>
<td>14</td>
<td>Iran</td>
<td>77,891,220</td>
<td>250</td>
<td>36,500,000</td>
<td>46.9 %</td>
<td>1.6 %</td>
</tr>
<tr>
<td>15</td>
<td>Turkey</td>
<td>78,785,548</td>
<td>2,000,000</td>
<td>36,455,000</td>
<td>46.3 %</td>
<td>1.6 %</td>
</tr>
<tr>
<td>16</td>
<td>Italy</td>
<td>61,016,804</td>
<td>13,200,000</td>
<td>35,800,000</td>
<td>58.7 %</td>
<td>1.6 %</td>
</tr>
<tr>
<td>17</td>
<td>Philippines</td>
<td>101,833,938</td>
<td>2,000,000</td>
<td>33,600,000</td>
<td>33.0 %</td>
<td>1.5 %</td>
</tr>
<tr>
<td>18</td>
<td>Vietnam</td>
<td>90,549,390</td>
<td>200</td>
<td>30,858,742</td>
<td>34.1 %</td>
<td>1.4 %</td>
</tr>
<tr>
<td>19</td>
<td>Spain</td>
<td>46,754,784</td>
<td>5,387,800</td>
<td>30,654,678</td>
<td>65.6 %</td>
<td>1.3 %</td>
</tr>
<tr>
<td>20</td>
<td>Pakistan</td>
<td>187,342,721</td>
<td>133,9</td>
<td>29,128,970</td>
<td>15.5 %</td>
<td>1.3 %</td>
</tr>
</tbody>
</table>

**TOP 20 Countries**

- China: 4,731,331,987
- United States: 2,235,794,808
- India: 1,189,172,906
- Japan: 1,010,271,919
- Brazil: 90,549,390
- Germany: 81,471,834
- Russia: 77,891,220
- Indonesia: 65,102,719
- United Kingdom: 62,698,362
- France: 52,731,209
- Nigeria: 45,039,711
- Mexico: 42,000,000
- Korea: 40,329,660
- Turkey: 36,455,000
- Italy: 35,800,000
- Philippines: 33,600,000
- Vietnam: 30,858,742
- Spain: 30,654,678
- Pakistan: 29,128,970

**Rest of the World**

- Total World - Users: 6,967,126,795

Table 1 Top 20 countries with the highest number of Internet users. (Internet World Stats 2012)

Below the statistics on 31 March 2011, provided by Internet World Stats (Figure 1) shows the top 10 Internet Countries in Europe with highest number of Internet users and in this list, Russia takes the second place.
Figure 1. Top 10 Internet countries in Europe, March 31, 2011. (Internet World Stats 2012)

According to e-Marketer (2009) (Figure 2 on the following page), 61.9 million people will use the Internet in Russia by the year 2013.
E-Marketer defined Internet user as a person of any age, who uses the Internet from any location at least once per month (Ibid.).

On March 2011 faberNovel reported more precise statistics on the number of monthly users in Russia, whose age is over eighteen years old (Figure 3 on the following page). The forecast in this statistics shows that in the year 2013 the number of Internet users in Russia, who are older than eighteen years old will account 63 million and in the year 2014 the number of users will increase up to 70 million. (East-West Digital News 2011a.)
All the statistics presented above allows making the conclusion that the number of Internet users in Russia is constantly growing every year.

4.1 The power of Internet advertising

According to Rossiiskaya Gazeta, Internet advertising continues to take an ever larger share of the overall advertising in Russia (Wilsdon 2010).

Nowadays advertising is not what it used to be, thanks to the Internet that has changed its purpose and its strength. While the traditional media is making advertising weaker, the Internet has made it stronger. (Levinson 2011.)

Recently, the main goal of the advertising was to make the sales. However, when more and more companies started to establish the websites dedicated to their businesses all over the Internet, advertising goals have changed dramatically. The new goals did not diminish the power of advertising, but instead, increase it. (Ibid.)

The new function of the advertising is to motivate people to visit enterprise’s website, where they can find detailed information about the products and services offered by the company. On the contrary, standard media advertising can not deliver
that much of precise information about the products or services provided by the company in its message to the potential customer. (Ibid.)

Internet advertising allows interactivity with prospects and customers by directing people to websites, by generating action that leads to permission on receiving marketing messages. The company attempts to close the sale once customer grants that permission to receive marketing message, which they do at a website. Motivation to do an easy-to-take action is the prime obligation of Internet advertising. That places less of responsibility on advertising than ever before. It is a whole easier to motivate people to click the link which will lead to the company’s website, rather than to motivate a customer to part with his or her money, risking spending them in the wrong way. (Ibid.)

The number of Internet users is growing constantly each year all around the world and in many countries, including Russia being online is endemic nowadays. Due to this fact, to motivate people to do an easy-to take action is even a lot simpler. (Ibid.)

Quite often for customer it is more enjoyable to click over to a website and take a gander what is offered and what kind of benefits the customer can gain, than to visit company’s store. For customers there is no risk in checking the company's website. (Ibid.)

Prospects have enough time to study offered products and services, their prices and to prepare for the purchase.

Moreover, it takes far less time to learn about the company online, than to go to the location further away than the customer’s computer or to cruise around a mall. That means that there is no more need to create advertisements with long texts, detailed explanations, including graphics. Advertising can be just short and concise. Hence, Internet allows saving on advertising cost. One of the main goals of marketing is the creation of relationships with customer. To accomplish it with an ad is quite tough. However, it is easy to do it with the help of the website, which initiates
dialogue with the customer, by making it as simple as clicking a mouse. (Levinson 2011.)

Advertising has always been a method designed to change human behavior by attracting people to purchase products or services of the company. However, the Internet has changed it. Internet advertising diverts curiosity from an ad or commercial to a website. There is no more necessity for the advertisers to get the readiness of the customers to purchase. Now all that Internet advertisers have to do is to move a person to mild curiosity towards website. From that point, moving the prospect to purchase readiness is the goal of the website. (Ibid.)

Hence, the website should be well developed, easy to navigate, attractive for the customer and perform the information on the products/services clearly and temptingly.

For both big and small business players online it is crucial to learn how to increase the visibility of their websites. Nowadays Internet advertising is as important as ever, as necessary as ever and more mandatory for a proper marketing mix than at any time in history. (Levinson 2011.)

The role of the advertising becomes more important and its power becomes greater along with the growth of number of Internet users (Ibid).

That is why all size companies must be aware of the new power of advertising and use it in order to achieve their main business goals: attraction of new clients, increase of profit.

4.2 Profile of Russian online consumers

According to the studies conducted by the innovation agency faberNovel, the profile of Russian online consumers for the year 2010 can be seen in Figure 4 (East-West Digital News 2011a). Slightly more than half (52%) of Russian Internet users are male. However, among online shoppers the majority are female (54%). About 45% of online shoppers choose and purchase products online.
According the report of faberNovel for March 2011, the majority of Russian Internet users have purchased something online at least once in their life (including virtual good, using any methods of payment). Though, those who buy items through Internet sites on a regular basis, represent a more modest proportion - 15% (7 million people). (East-West Digital News 2011a.) More precise information is shown on the Figure 5.

**Figure 4. Profile of Russian online shoppers.** (East-West Digital News 2011a)

**Figure 5. The frequency of purchases made by Russian online shoppers.** (East-West Digital News 2011a)

In the Figure 6 on the following page the information concerning significant regional contrast in terms of Russian online consumers is presented.
In the cities with the population over 1 million inhabitants consumers make purchases monthly in average for 3750 rubles. In smaller towns, Russian online shoppers purchase almost half less in average per month than in bigger cities.

![Monthly online spending](image)

**Figure 6. Monthly online spending.** (East-West Digital News 2011a)

On the Figure 7 are shown most popular goods that are purchased by Russian online consumers. Cosmetics and perfumes, the products that the case company of this thesis work sells, ranked second among the most demanded goods by Russian online shoppers.

![Most demanded goods by Russian online shoppers](image)

**Figure 7. Most demanded goods by Russian online shoppers.** (East-West Digital News 2011a)
Types of purchases in percentage are presented on the Figure 8. Cosmetics and perfumes are sold well in the cities with more than 1 million inhabitants. However, these products are almost twice as demanded in smaller cities.

Figure 8. Types of purchases in percentage. (East-West Digital News 2011a)

It can be concluded, that the case company Kauneusstudio Serenius & Tujula Oy should target its online sales to Russian consumers, due to the fact that the products that the case company offers are in great demand among Russian online shoppers. The case company should be targeted at both male and female and set the geographical targets in promotional campaigns for both cities with over 1 million inhabitants and smaller towns or areas. Due to the fact that more than half (55%) of online shoppers choose the products online, but do not purchase them in the Internet, the case company should include on its online store's webpages the information about the physical point of sale, Kauneusstudio Hoitola & Shop, which is located in Lappeenranta. It will help to increase sales to Russian consumers not only online and it will also give the opportunity to make the purchase to those customers who cannot use methods of payment provided in the online store.
5 Runet

Runet is Russian Internet sector. Runet can also be defined as Russian-speaking Internet and/or Russian oriented sites. Sites of Runet may be located at any domain or do not have one, as some web hosts, mainly free web hosts, allow to create a website without a domain name. Physically site’s servers can be located anywhere in the world. Not only www-sites, but also Russian-speaking e-mail mailing lists, IRC-conferences, FTP-servers, local networks of all sizes could be included in Runet. By Russian Cyrillic encoding, Runet can be technically identified. (Russian SEO & SEM 2011.)

Nowadays, one of the fastest growing segments of the world Internet is Runet. The early years of XXI century are showing the steady growth of the number of Russian Internet users. (Ibid.)

Russian Internet market tends to be very much domestically oriented and language plays a crucial role. During past several years Russian web companies have been squeezing out foreign competitors away from Runet. However, with the right strategy foreign online businesses might become very successful, due to the fact that e-commerce in Russia is growing and Russia’s online market is fairly large and profitable with constantly growing number of users who are increasingly willing to spend money while browsing the web. (Bessonova 2010.)

Internet represents a powerful promotional platform for business operators that tend to do business in Russia.

In order to increase the visibility of the website that a business operator runs, various online marketing techniques can be used. Search engine marketing (SEM) is a vital technique that is conducted on search engines and generates quality visitors to a website. Other techniques of online marketing can be conducted on social media websites, portals and other platforms.
In Figure 9 the statistics for March 2011 is shown, reflecting Top-20 Internet resources in Russia with the audience from 12 to 54 years old (in thousands) and the average time spent on the website per day.

Yandex.ru, which includes 37 projects, is the leading Internet platform with an audience of 16.6 million people. Mail.ru, which leads 33 projects, ranked second place with an audience of 14.6 million. Vkontakte.ru took the third place, with the audience of 13.2 million. Also, in Top-10 Internet resources were included Odnoklassniki.ru, Google.ru and Google.com, Rambler, which leads 30 projects, Wikipedia.org, Youtube.com, LiveJournal.com and Gismetio.ru.

Figure 9. Top 20 Internet resources in Russia. (TNS 2011)

Statistics, which is presented in Figure 9, makes it clear for business operators, who are willing to promote their companies in Runet, on which platforms it is crucial to be present and to advertise the company’s products or services.
5.1 Search Engine Marketing

Search engine is a database that provides Internet resources - links to the websites, documents, text snippets, images, videos, etc. in response to queries to of Internet users (Sammut & Webb 2011, p.882).

Search Engine Marketing (SEM) is crucial for any digital strategy. Its main aim is to increase the visibility of the website on a search engine result pages, so that the website is listed on the first page of the results. (Spindler 2010.)

There are two main search engine marketing approaches to achieve the visibility of the company and its products on search engines: Search Engine Optimization (SEO) and Pay Per Click (PPC) (Ibid.).

Search Engine Optimization is the use of search engines to generate the traffic to the website, by positioning a certain website for certain keywords and achieving highest position with the search engine’s result pages without paying a fee to the search engine operator. In optimization process it is crucial to optimize the sites of a website of the search engine’s ranking algorithms. It is a search engine method that defines the relevance of certain pages for a query after evaluating all web pages. These algorithms use many factors to evaluate a website. The web master can influence some of the factors directly, which will help to achieve higher positions on the search engine’s results. (Ibid.)

Pay Per Click is a technique that is used for getting traffic to the website. Website operator pays certain predefined fee for every visitor of the website. In order to use this technique, it is necessary to create a relevant advertising text, which will be attached to the link to a company’s website and the list of the keywords/specific phrases that the potential users of the search engine will type seeking for certain products or services. Advertiser does not pay for the display of the advert, but only when the advert is clicked on by the user, who is afterwards directed to the company’s website. (Ibid.)
Using Pay Per Click technique it is possible to set any budget, big enough or a little one. The business operator can be sure that the audience is already looking for the products or services of the company, as this technique allows targeting the audience effectively and can track conversions. With Pay Per Click marketing it is possible to obtain regularly very accurate ROI (Return on Investment) reports. (Raines 2009.)

Search Engine Optimization and Pay Per Click techniques mainly differ in that way, that SEO covers many metrics that can be influenced by a webmaster directly, in order to improve the ranking results of the company’s website free of charge. On the contrary PPC does cost money and for that it is more similar to conventional advertising. (Spindler 2010)

Doing search engine optimization it is possible to increase the general flow of the visitors to the website of the company. While using pay per click technique, it is possible to get more specific targeted traffic to the company’s website, once advertising campaign is active. (Teta 2011.)

Search Engine Marketing is very important for any type of Internet business.

If company’s website is not listed within the result pages of search engines, it is more likely that the company will lose its business sooner or later (Teta 2011).

5.2 Leading search engines of Runet

According to statistics of LiveInternet for December 2011, search market in Russia is divided between Yandex.ru and Google.ru and other smaller search engines as shown in Figure 10. Yandex.ru is currently the main search engine in Russia with well over half of the market share (60.6%). Google.ru owns 25.5% of the market share.
Google search, owned by Google Inc., is the most used search engine on the World Wide Web. Russia is one of the very few countries in the world, where Google is less successful than the national leader. Yandex.ru is owned by the leading Internet company in Russia, Yandex. Yandex.ru is not only the most used Russian search engine, but it is also the most widely used website in the country. (RuNet Translation 2012.)

5.2.1 Yandex.Direct online advertising program

Yandex.ru offers versatile services and one of them is Yandex.Direct. Yandex.Direct service is the largest automated, auction-based system for the placement of contextual advertising in Russia. Advertisers can easily bid for desired keywords and to obtain the best price for the adverts. Advertisers are enabled to deliver targeted, cost-effective advertising that are relevant to search engine users’ needs, interests and locations. (Yandex company 2012.) Moreover, advertisers can observe the detailed statistics and make changes in the advertising strategy as often as it is needed.

5.2.2 Google.AdWords online advertising program

As Yandex.ru, Google.ru is also offering wide range of services, one of them is online advertising program Google.AdWords, which is an automated and auction-
based system. Using Google.AdWords program the company can reach new customers and grow its business no matter of the size of the budget.

In Google.AdWords it is possible to choose where the adverts will appear (the advertising can appear on Google and its partner websites), set suitable budget, monitor the statistics, measure the impact of the advertising and change the strategy. Moreover, on Google.AdWords there is a possibility to set geographical targeting (to choose particular areas – states, towns or even neighborhoods, where potential customers of the company might be). (AdWords Help 2012.)

With cost per click bidding, the advertiser pays only when someone clicks the advert and is simultaneously transferred with the link attached to the ad to the company’s website. The advert is shown to people who are searching for the kinds of products or services the company offers. Hence, these people are potential customers that are more likely to take action. (Ibid.)

5.2.3 Russian language in connection with Search Engine Optimization

When foreign business operator goes to the Russian market, it is crucial for the company’s owner to take into consideration Russian language in connection with the Search Engine Optimization. It is important to create the version of the website on Russian language in order to attract more local customers. Building SEO strategy in Runet it is important to know basic facts about Russian language, that could influence SEO strategies.

Russian is fifth most spoken language in the world and it is used by 275 million people worldwide. Russian is a quite complex language with various grammatical phenomena. Hence, it is wise to have a Russian-speaking expert in company’s SEO team or outsource this service. (Gabdulkhakova 2011.)

5.3 Social media in Russia

Social media is a set of online tools that supports social interaction between users. These are online sociotechnical systems that include services like email, discus-
sion forums, blogs, micro blogs, texting, chat, social networking sites, wikis, photo and video sharing sites, review sites and multiplayer gaming communities. Social media systems come in a variety of forms and support numerous genres of interaction, however they all connect individuals. (Hansen et al. 2011, p. 12.)

Due to the globalization, the world has become extremely connected and social experience as well as collective intelligence have increased dramatically. With the help of social media tools one can create and find the information, share it and evaluate. Moreover, the users are able to make sense of the mass of information available online. The most crucial fact is that social media tools allow people to connect, inform, inspire and track other users. New ways of collaborating are possible due to the mix of social action and technological infrastructure. Based on the purchasing habits of many other users, people can receive tailored recommendations. (Ibid.)

In modern Russia social media is gaining a cult status. When targeting a Russian market it is crucial for each foreign business operator to remember that Russia has the most engaged social networking audience in the world. According to ComScore (2010) in August 2010, 34.5 million Russian Internet users, which is 74.5 percent of the online population, visited at least one social networking site. Table 2 shows that Russia was ranked number 1 among all countries in social networking engagement, due to the fact that Russians spent more than double the worldwide average of 4.5 hours per visitors on social networks during the month.
Top 10 Countries for Social Networking Ranked by Time Spent per Visitor
August 2010 Total Worldwide Audience, Age 15+ - Home and Work Locations*
Source: comScore Media Metrix

<table>
<thead>
<tr>
<th></th>
<th>Social Networking</th>
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<tbody>
<tr>
<td></td>
<td>Average Hours per Visitor</td>
<td>Total Unique Visitors (000)</td>
</tr>
<tr>
<td>Worldwide</td>
<td>4,5</td>
<td>964,305</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>9,8</td>
<td>34,545</td>
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<td>Israel</td>
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<td>Turkey</td>
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<td>United Kingdom</td>
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<tr>
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<td>5,176</td>
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<tr>
<td>Canada</td>
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<tr>
<td>Indonesia</td>
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<tr>
<td>Spain</td>
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<td>18,569</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>4,9</td>
<td>1,078</td>
</tr>
</tbody>
</table>

*Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs

Table 2. Top 10 Countries for Social Networking Ranked by Time Spent per Visitor. (ComScore 2010)

At the end of the second quarter of 2011 the active audience of social networks in Russia accounted 43.6 million users (TNS 2011).

Nowadays the tendency shows that all businesses go to social media, establish their presence there and build social media assets (Marketing for Success 2012).

In order to be competitive and more successful the operator of any size company should move its business to social network websites.

Being present in social media and not to be squeezed out by the competitors, it is crucial for the company to be active using simple tactics: to interact constantly with the followers, upload regularly new attractive content, handle interesting contests etc.

Being active and providing good content, the company will not only be squeezed out of the market, but it can also turn free account into an unstoppable fountain of new sales and leads.
Before starting to buy company’s products or services, customers need to get acquainted with the company, to trust it and understand the value that company provides. Social media is the fastest way to present the company to the big number of qualified prospects, to generate the trust and make the followers like the products or services. (Marketing for Success 2012.)

In order to promote the company’s group in social media and attract a big amount of followers to the group, several techniques can be used.

Viral marketing is the technique of wrangling word-of-mouth to create a buzz around the company’s group in social media and attract more followers. It is a powerful tool that can be used free of charge, however it is time consuming. (Silver 2009.)

Based on the author’s experience, another technique – paid advertising on social network websites is more efficient in terms of time consumption, though the ratio of costs of advertising and number of attracted followers might be unsatisfactory. No matter which technique is used by the company, a lot depends on the value of the content that the company provides on its group pages. The more attractive the content is, the easier it is to attract new followers that might become the company’s loyal customers.

5.4 Leading social media websites of Runet

There are several leading social media websites in Runet, where the majority of the audience is concentrated. According to TNS Web Index, J’son and Partners Consulting statistics for the year 2011, the leading social networking website is Vkontakte.ru, with average monthly audience of 23.5 million users. MoyMir@Mail.ru is Russia’s second largest social media website with average monthly audience of 19.1 million users. Odnoklassniki.ru ranked the third place with monthly audience of 18.3 million users. (CNews 2011)

According to statistics of TNS for April 2011, the time the majority of the users spend on the social media website Vkontakte.ru is on average 43 minutes per day.
However, the second place belongs not to the social network MoyMir@Mail.ru, but to Odnoklassniki.ru with average of 26 minutes per day.

In TNS report the average time spent by users per day was analyzed not particularly for the social network MoyMir@Mail.ru, but for all projects of Mail.ru and it accounted for 16 minutes per day (TNS 2011).

Mail.Ru Group is the leading Internet company in Russian speaking segment of the Internet and the leading player of Runet according to the number of unique visitors per month. The company operates two Russian leading social networking websites: MoyMir@Mail.ru and Odnoklassniki.ru, also the company owns a big share of social media website Vkontakte.ru. (Mail.ru Group 2012.)

Vkontakte.ru is the most visited resource of Russian-speaking segment of the Internet, which has operated since the year 2006. Vkontakte.ru accounts over 120 million registered users. About 70% of users are living in Russia. 25% of users are from Moscow and 12% of users are from Saint-Petersburg. Over 60% of users are older than 25 years old. (VK 2012.)

Odnoklassniki.ru, one of the largest and fastest growing social networking websites of Runet, has operated since the year 2006. Odnoklassniki.ru accounts over 100 million registered users. The main audience of Odnoklassniki.ru are people aged 24 to 34 years. It is economically active population with a stable income and the ability to use paid services on the Internet. (Одноклассники 2012)

MoyMir@Mail.ru is a social network, which connects on the user's page the main portals of Mail.ru. This social network is among the top three social projects of Runet. The project MoyMir@Mail.ru was launched in 2007. (Gazeta.kz 2010.) On MoyMir@Mail.ru there are over 40 million registered profiles (Wikipedia 2012).
6 The advantages of Internet marketing over traditional marketing

Nowadays for small businesses it is crucial to have a low budget marketing plan. Expensive advertising will not necessarily increase the sales. Internet marketing in many cases is less expensive and works better than traditional marketing.

According to the statement of marketing expert at Washington University in St. Louis, traditional expensive advertising is no longer effective and in the year 2012 online marketing will be increasingly dominant over traditional marketing (Newswise 2011).

Internet marketing is becoming dominant due to its various crucial advantages over traditional marketing. As it was mentioned before on this paper, Internet marketing is less expensive. It requires significantly lower investment than traditional marketing. Internet marketing allows not only to create the content and to deliver it to the followers quite fast, but also it gives an opportunity to react quickly to changing market conditions. Time and cost efficiency are only a small part of the advantages, compared to the huge response rates that Internet marketing offers. Moreover, Internet marketing enables companies to reach more customers in a single pass, what traditional marketing cannot offer. (Hot Planet Marketing 2011)

Targeting the right customer segment is critical for any marketing strategy. Internet marketing allows to target not mass market, as it does in traditional marketing, but to reach particular audiences, that might become potential clients for the company. (Zahorsky 2012.)

By purchasing advertising campaigns on social media websites and using pay per click program on search engines it is possible to set geographical targeting, that means choosing states, regions, cities and even neighborhoods, where targeted audience is. Moreover, social media websites that collect databases about their users can offer other types of targeting, such as targeting by age, sex, marital status, education, political views, work place etc. (VK 2012; AdWords Help 2012.)
Another advantage of Internet marketing, particularly in social media is the possibility to interact with the customers. Companies can get the feedbacks about its products or services from the followers. Qualitative communication with the followers can enable the companies to understand better the needs of their customers, to develop their products or services and tailor them. With constant interaction it is easier to gain the trust of the consumers and, as a result, to convince them to purchase products or services of the company. (Peter 2011.)

The last but not the least advantage of Internet marketing over the traditional is that the return on investment (ROI) from online marketing is significantly greater that the return on investment that the company can gain from traditional marketing (Hot Planet Marketing 2011).
7 Marketing plan

Being an employee (marketing secretary) of Mediatalo Toimelias Oy, from the side of the company, the author of this thesis provides a free of charge service (the creation of a marketing plan for the promotional campaigns in Runet) for the company Kauneusstudio Serenius & Tujula Oy in the form of the thesis work.

Hence Kauneusstudio Serenius & Tujula Oy obtains a marketing plan for the promotional campaign that is done professionally. If the case company’s owners decide to implement the marketing plan, they can get further professional support from the side of Mediatalo Toimelias Oy, as its new client.

7.1 Promotional campaigns in Runet for the case company

During the interview with the owner of the case company such issues, as the budget for the marketing campaign, the timelines and the target audience of the company were discussed. The set budget is € 2000 for the 2 months campaign. Platforms for the Internet campaign were chosen by the author of this thesis, in accordance with work experience as marketing secretary at Mediatalo Toimelias Oy. The estimation of the amount of clicks, setting of timelines and the division of the budget for the campaigns were also made in compliance with the author’s work experience.

Yandex.Direct and Google.AdWords online advertising programs were included in the marketing plan, as well as the leading Russian social network Vkontakte.ru and Russian.fi, which is the most popular Russian speaking website of Finland with 9000 daily unique visitors. The audience of Russian.fi is 70% Russian-speaking people living in Finland. (Russian.fi 2012)

The marketing table for the promotional campaigns in Runet for the case company is presented in Appendix 2.

The goal is to reach with the set budget maximum amount of the potential clients that can be found on the different platforms. More precise aims of the marketing plan are the following: to bring the case company to the leading Russian search
engines, the most popular social media website and to reach Russian speaking audience that is living in Finland.

The budget for the promotional campaign does not include the design and production of banners for the campaigns, design and launch of the group in Vkontakte.ru and the commission of Mediatalo Toimelias Oy, which will be charged in case the owners of Kauneusstudio Serenius and Tujula Oy will decide to implement the marketing plan.

The budget was divided between the promotional campaigns so that it is possible to get good results (sufficient amount of clicks) on each advertising campaign and have enough data for the further analysis of the campaigns, in order to be able to make them even more efficient in the future.

The budget for the promotional campaigns in online advertising programmes Yandex.Direct and Google.AdWords was set the same in order to make further comparison of the results on both platforms. Moreover, it will help to make the conclusions on which search engine Yandex.ru or Google.ru the target audience of the case company and searches for cosmetic products are mainly concentrated.

The advertising campaigns on Yandex.Direct and Google.AdWords are planned to be held for two months. This period is long enough for collecting sufficient data for further analysis and attracting a big number of new potential clients.

The particular budget for the advertising campaign on the platform Russian.fi was set for a one-week campaign, due to the knowledge of the author of the thesis about the price list for the media advertising on this platform. A banner allocated on a particular position on the website was chosen in accordance with the author’s experience. This particular banner has 100 percent guarantee of shows and it is allocated in the most attractive place for the users. Good allocation of the banner on the advertising website is highly important. When the banner is allocated on the right place and is well visible for the users it may accumulate many hits on the advertising. Moreover, according to the author’s experience the allocation of the ban-
ner on the platform Russian.fi for one week is enough to get a sufficient amount of clicks and attract new clients for the case company.

There is a possibility to set any budget for the promotional campaign on the social media website Vkontakte.ru. Hence, the budget planned for the promotional campaigns on Yandex.Direct and Google.AdWords together with the set budget for the advertising campaign on Russian.fi was subtracted from the general budget of 2000 euro and the left amount of money was planned to be spent on the campaign on Vkontakte.ru.

A certain period for holding the campaign on Vkontakte.ru was not set, due to the fact that there is no option on this platform to set the limitations for the expenditures (setting daily or weekly budget). However, it is estimated that the budget set for the promotional campaign on Vkontakte.ru might be enough for two or three weeks.

When selecting platforms for the advertising campaigns, budget and target segment of the case company were taken into consideration.

Target audiences of the case company are both male and female aged 30-60 from Saint-Petersburg, Leningrad region (Vyborg) and Moscow. Target audience is chosen both in accordance with the study’s results and with other crucial factors that influenced the selection of this particular target group. The results of the study showed that cosmetic products are well sold to Russian consumers who are living in the big cities (the population over 1 million) and these products are almost twice more demanded in smaller towns. However, Russian consumers from the big cities make purchase in amounts almost twice as much as in smaller towns. The results of the research also showed that the majority of Russian tourists travelling to South Karelia region are coming from the cities and towns that are located close to the border. Hence, as mentioned previously in this paper geographical targeting was set for the promotional campaigns of the case company.

When setting age targeting, the prices for the products offered by the case company were taken into consideration. The case company sells cosmetic products of the
leading brands, the products are of high quality and accordingly the prices for those products are relatively high. Hence, the target group should be solvent; the potential consumers should have middle or high level of income. For this reason the age targeting was set from 30 to 60 years old, as at this age people tend to be more financially stable and fit to the group of active Internet users.

If the owners of Kauneusstudio Serenius and Tujula Oy make a decision to implement the marketing plan, all the statistics on the campaigns will be carefully and regularly monitored by the employees of Mediatalo Toimelias Oy in order to make the advertising more efficient and attract a bigger amount of potential clients for the case company.

7.2 Material for the creation of the advertising campaigns

The list of keywords and texts for the adverts for the contextual advertising campaigns of the case company Kauneusstudio Serenius & Tujula Oy in online advertising programs Yandex.Direct and Google.AdWords were created. The list of keywords is presented in Appendix 3. The texts for the adverts are presented in Appendix 4.

When choosing the keywords, special programs that are provided by Yandex.Direct and Google.AdWords for selecting the keywords were used.

The Key words are written mainly in Russian language. The names of the brands of the products which the case company sells are listed as they are written in original form in Latin letters. The keywords are connected to the thematic of the cosmetic industry, products and brands that the case company offers, professional cosmetics online stores, as well as physical professional cosmetics and other shops in Finland generally and in the town of Lappeenranta town particularly.

Texts for the adverts are written in Russian language, the translation into English language is included in brackets after each phrase.

During the campaigns the texts of the advert can be changed as many times as it is needed. Trying out different texts for the advert helps to study the behavior of the
online users and find out their preferences, what kind of texts are more or less attractive.

8 Conclusions and recommendations

As a result of this project it was proved that nowadays the Internet is the leading media space and it crucially dominates over traditional advertising, due to its numerous advantages. Advertising in the Internet is inexpensive, highly efficient and affordable for the businesses of all sizes and the case company of this project is not an exception. The studies showed that the number of Internet users and online shoppers is growing all around the world and particularly in Russia every year. The results of the study showed that the target segment chosen by the case company is the right one and the case company should promote itself in the Internet for attracting new clients that will make purchases not only in online store, but also in the physical point of sale, which is located in the town of Lappeenranta. It was proved that the number of Russian tourists coming to South Karelia region, particularly to Lappeenranta, is growing every year along with the growth of Tax-Free sales in this region. Moreover, it was investigated that the products (professional cosmetics and perfume) sold by the case company are highly popular among Russian consumers. In addition to that, it was found out that cosmetic products ranked second place among most demanded products purchased in online stores. Furthermore, it was found out that cosmetic industry is one of the fastest growing on Russian market and Russians spend big share of their incomes on cosmetic products. In this project the profile of Russian online shoppers was identified, so that the case company is able to target the right group, out of the whole segment of Russian consumers, who will most likely purchase the case company’s offered products. As a result of the project the most efficient electronic communication channels for the promotional campaigns in Runet were determined and the marketing plan was developed.

The case company is enabled to penetrate Russian E-Market, being present on the leading search engines of Runet, Russia’s biggest and leading social media web-
site and being advertised on the platform reaching Russian-speaking target audience that is living in Finland.

Marketing plan included the plan of the promotional campaigns together with the budgeting table and necessary material (texts for the adverts and the list of the keywords) for the creation of the advertising campaigns. The implementation of the created marketing plan will lead to achieving the main aims of the case company – increase the company’s visibility in Runet and as the result the growth of the number of new customers and profits.

In order to increase the visibility in Runet, the case company should also use other tools than paid advertising, such as Search Engine Optimization that can be committed by the Webmaster. However, it is crucial to take into consideration Russian language in connection with the SEO. When building SEO strategy in Runet it is important to know basic facts about Russian language that could influence SEO strategies. It is worthwhile to have a Russian-speaking expert in the company’s SEO team or outsource this service.

Before implementation of the marketing plan, the webpages of the case company, to which online adverts will lead, should be translated into Russian language, in order to enable Russian customers to read the information about products and make easy shopping online or select the products for purchasing them further in the physical point of sale. In order to increase sales not only in the online store, the case company should include necessary contact information about the physical point of sale on the webpages of the online store. The case company should also investigate what the most popular brands are among Russian consumers from those offered by the company and allocate them on the webpages of the online store so that they will be well visible.

Moreover, due to the different system of the e-commerce in Russia, the case company should include methods of online payment that are widely used in Russia in order to enable the consumers to pay for the products. The establishment of delivery to Russia could be also another way for the case company to bring extra value
to the consumers and attract them to purchase more with the convenient shopping environment. In order to have more efficient customer service not only in online store, but also in the brick and mortar business, Russian-speaking personnel could be hired by the case company.

In conclusion, it can be said that the main objective of the project was achieved. Following the recommendations and implementing the marketing plan correctly, the case company will be brought to the Russian E-market successfully and will increase its visibility in Runet along with the number of new clients and profits.
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www.kauneusstudio.net

www.netkosmetiikka.fi


Appendix 1

The list of the questions asked in the interview with the owner of Kauneusstudio Serenius & Tujula:

1. What is the official name of the company?
2. How many owners run the company?
3. In which year did the company start to operate?
4. What kind of traditional marketing for the promotion of the company had been done previously? What were the results?
5. Has the company ever been advertised in Internet? If «Yes», on which platforms? What were the results?
6. Has the company ever been advertised in Runet?
7. Is it planned to translate the webpages of online store into Russian language?
8. Is it planned to hire Russian-speaking personnel to the physical point of sale?
9. What are the timelines for the promotional campaigns?
10. What is the budget for the promotional campaigns?
Appendix 2. Marketing plan for the promotional campaign in Runet.

<table>
<thead>
<tr>
<th>Platform</th>
<th>Allocation</th>
<th>Targeting</th>
<th>Timeline</th>
<th>Banner’s format</th>
<th>Text of the advert</th>
<th>Estimation of PPC</th>
<th>Estimation of clicks</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yandex. Direct</td>
<td>Yandex.ru and its partners websites</td>
<td>Saint-Petersburg, Leningrad region (Vyborg), Moscow</td>
<td>2 months</td>
<td>-</td>
<td>Headline: max. 33 characters. Text: max. 75 characters</td>
<td>0.25 €</td>
<td>2,000 €</td>
<td>500 €</td>
</tr>
<tr>
<td>Google. AdWords</td>
<td>Google.ru and its partners websites</td>
<td>Saint-Petersburg, Leningrad region (Vyborg), Moscow</td>
<td>2 months</td>
<td>-</td>
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<td>500 €</td>
</tr>
<tr>
<td>Vkontakte.ru</td>
<td>All pages of the website, on the left hand side</td>
<td>Saint-Petersburg, Leningrad region (Vyborg), Moscow; male and female aged 30-60</td>
<td>2-3 weeks</td>
<td>90x120 px</td>
<td>Headline: max. 25 characters</td>
<td>0.83 €</td>
<td>460 €</td>
<td>385 €</td>
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<tr>
<td>Russian.fi</td>
<td>All pages of the platforms: Russian.fi, Afisha.fi, Novosti.fi, E18.ru</td>
<td>-</td>
<td>1 week</td>
<td>818x87 px; GIF/FLASH</td>
<td>-</td>
<td>0.61 €</td>
<td>1,000 €</td>
<td>615 €</td>
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</tbody>
</table>

Total budget 2,000 €  Total estimated amount of clicks 5,460
Appendix 3

List of the key words for the advertising on Yandex.Direct and Google.AdWords:

профессиональная косметика
магазин профессиональной косметики
профессиональная косметика для лица
интернет профессиональной косметики
куплю профессиональную косметику
купить профессиональную косметику
профессиональная косметика для визажистов
профессиональная декоративная косметика
профессиональная косметика для макияжа
профессиональная косметика оптом
косметика профессиональная
магазин профессиональной косметики
профессиональная косметика отзывы
профессиональная косметика адреса
продажа профессиональной косметики
где купить профессиональную косметику
профессиональная косметика для салонов
адреса магазинов профессиональной косметики
магазины профессиональной косметики для лица
лучшая профессиональная косметика

профессиональная косметика цены
профессиональная косметика для тела
магазин профессиональной косметики для визажистов
набор профессиональной косметики
профессиональная косметика для косметологов
магазин профессиональной декоративной косметики
профессиональная косметика тени
профессиональная декоративная косметика для визажистов
купить профессиональную косметику для лица
французская профессиональная косметика
профессиональная косметика киев
фирмы косметики профессиональной
купить профессиональную косметику для визажистов
профессиональная косметика для визажа
профессиональная декоративная косметика купить
профессиональные линии косметики
marca профессиональной косметики
сайт профессиональной косметики
недорогая профессиональная косметика
рейтинг профессиональной косметики
каталог профессиональной косметики
заказать профессиональную косметику
дистрибьюторы профессиональной косметики
профессиональная косметика для салонов красоты
профессиональная косметика палитры
интернет магазин профессиональной декоративной косметики
профессиональная косметика премиум
профессиональная косметика для кожи
купить профессиональную косметику для макияжа
поставщик профессиональной косметики
французские косметические марки
уход за кожей
уход за кожей лица
уход за кожей летом
макияж и уход за кожей
уход за кожей лица летом
уход за кожей глаз
уход за кожей после лета
уход за кожей вокруг глаз
средства по уходу за кожей
уход за сухой кожей
уход за кожей жирной
средства ухода за кожей лица
уход за проблемной кожей
уход за кожей рук
косметика уход за кожей
уход за кожей тела
уход за кожей после 30
уход за кожей 30 лет
уход за кожей лица 30
уход за сухой кожей лица
уход за кожей 25 лет
уход за жирной кожей лица
уход за проблемной кожей лица
правильный уход за кожей
уход за комбинированной кожей
презентация уход за кожей
уход за кожей после 25
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правила ухода за кожей
кре́мы для ухода за кожей
уход за кожей после 40
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косметический уход за кожей
уход за кожей после 45
уход за комбинированной кожей лица
правильный уход за кожей лица
уход за кожей после 50
уход за кожей лица косметика
советы по уходу за кожей
уход за кожей лица 50
уход за кожей ног
уход за кожей видео
уход за зрелой кожей
уход за кожей лица отзывы
50 лет уход за кожей
уход за молодой кожей
ежедневный уход за кожей
комплексный уход за кожей
уход за кожей после 35
уход за кожей шеи
набор по уходу за кожей
уход за кожей 35 лет
профессиональный уход за кожей
уход + за кожей после пилинга
уход за кожей для мужчин
уход за кожей лица мужчин
уход за кожей век
уход за чувствительной кожей лица
уход за кожей в 30
программа ухода за кожей
уход за кожей маски
комплексный уход за кожей лица
уход за нормальной кожей
уход за увядающей кожей
кре́м
тональный крем
кре́м для лица
куплю крем
кре́м купи́ть
купить куплю крем
кре́м для кожи
лучший крем
какие кре́ма
кре́м для рук
кре́м увлажняющий
кре́м для глаз
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<td>крем лифтинг</td>
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<td>лучший крем для лица</td>
<td>где купить парфюм</td>
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<td>крем под глаза</td>
<td>парфюм для мужчин</td>
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<tr>
<td>как правильно наносить крем</td>
<td>парфюм духи</td>
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<td>самый лучший крем</td>
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tуалетная вода
элитная косметика
элитная парфюмерия
парфюмерия для мужчин
купить духи
интернет магазин парфюмерии
купить парфюмерия
интернет магазин косметики и парфюмерии
интернет магазин косметики
женская туалетная вода
косметика
косметические фирмы
аромат
магазин косметики
магазин парфюмерии
мужская косметика
мужская парфюмерия
dекоративная косметика
купить косметику
косметика из финляндии
магазины косметики в финляндии
косметика финляндия
магазины финляндии
интернет магазины финляндии
магазин товары из финляндии
tовары из финляндии интернет магазин
работа магазинов в финляндии
финляндия лаппеенранта магазины
адреса магазинов в финляндии
магазины в финляндии режим работы
цены в магазинах финляндии
работа магазинов в финляндии
2012
техники +в финляндии
график работы магазинов в финляндии
скидки в магазинах финляндии
сайты магазинов в финляндии
лаппеенранта магазины
карта лаппеенранты с магазинами
финляндия лаппеенранта магазины
работа магазинов в лаппеенранте
адреса магазинов в лаппеенранте
режим работы магазинов в лаппеенранте
часы работы магазинов в лаппеенранте
лаппеенранта магазины воскресение
какие магазины в лаппеенранте
отзывы лаппеенранта магазины
как работают магазины в лаппеенранте
время работы магазинов в лаппеенранте
график работы магазинов в лаппеенранте
Gatineau
Darphin
Mariderm
4711
Arbutin
Tosca
Eyefect
Tabac
Gant
JLO
Sally Hansen
Juvena
David Beckham
Celine Dion
Kate Moss
Kylie Minogue
Calvin Klein
Lovely
Lagerfeld
Vivisante
Esprit
Davidoff
Joe Blasco
Britney Spears beauty
Appendix 4

Text for the advertising on Yandex.Direct:

Headline: Профессиональная косметика (Professional cosmetics)

Text: Высококачественная косметика для мужчин и женщин. (High-quality cosmetics for men and women) Ведущие мировые бренды. (The world’s leading brands)

Text for the advertising on Google AdWords:

Headline: Косметика и парфюмерия (Cosmetics and perfume)

Text: Продукция ведущих мировых брендов для мужчин и женщин. (Products of the world's leading brands for men and women)