

## Features of Online Marketing Communications and Their Classification

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**Abstract:** The paper analyzes the specifics of marketing communications in the Internet and provides the classification of internet marketing communications forms. It assumes the ways of classifying marketing communications on the Internet presented in the theory and practice of marketing should be supplemented with some extra ways required by the era of global innovation and change in the communications we already live in.

**Key words:** Classification features • Marketing communications • Internet communications • Social media • Media

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### INTRODUCTION

The modern state of society is very different from what we could see twenty, ten or even just five years ago. We have to recognize the fact of broader and deeper penetration of modern communications and information technology in our lives. First of all, the Internet has become the most important channel of the use of modern information and communication technology. Today broadband networks, mobile devices, social communities are almost always and everywhere available to us. We form the content by ourselves as the era of web 2.0 technology has already come. All these factors have given rise to the phenomenon of the digital world, which is certainly reflected not only in technology and equipment but they also change the society and social relations. Much attention is paid to the positive and negative impact of the Internet and the researchers could not come to unanimous opinion [1].

Today there are 10 billion different types of gadgets connected to the Internet of one and a half trillion (in 2000 there were only 200 million). It is projected that by 2022 there will be more than \$50 billion of these devices. In the next 10 years, the potential benefits of the Comprehensive Internet to the private sector will be 14.4 trillion dollars. Cisco has come to this conclusion following the study of

27 industries [2]. And information services industry should become one of the leading industries and will be able to accumulate 9 percent of potential profit.

We can say that we live in the era of global innovation and change in the communications. The American media analyst Ken Doctor made the following interesting thought: "Traditional print media virtually disappear by the end of the decade and their place will be occupied by digital media, which will have to give up revenue through advertising and switch to the readers" [3]. K. Doctor also believes that the trend of transition to digital has affected all the major media. The majority of analysts have noted another trend - the decline in revenue from advertising and the simultaneous growth of revenue from readers. On the global media market about 66% of its revenue comes from advertising media accounts and 34% comes from readers wherein some American periodicals revenue from readers has already reached 50%. It should be noted, however, that these trends primarily concern print media and it is expressed in television or radio implicitly.

**The Main Part:** In these circumstances the media have to track and form their target audience more clearly that will provide an increase of their attractiveness to advertisers. No doubt the media will have to develop a system of

monetization (including the Internet) by implementing the principles of private content available to the user only after depositing funds or the provision of certain services [4].

It is now evident that the time when the media shared content on a free basis expecting to make profits from online advertising is getting over. Accumulation of readers on web-resources has led to negative phenomenon of internal competition. Many readers have stopped the paper subscription. As a result online advertising has ceased to cover the drop in revenue from subscriptions and print advertising.

A similar trend is observed in Russia. According to a survey of more than 1.5 thousand people in 46 regions of Russia conducted by VTSIOM in late 2011 - early 2012 subscription services are regularly used by 18% of Russians. A significant proportion of potential subscribers is taken by the Internet. As a result 14% of those who are not subscribed now receive information from the World Wide Web, 6% of the Russians interviewed prefer to read electronic versions of print media [5]. According to a study conducted by Synovate Comcon there are even more such readers - 24% of the Russians read the online version of the media. Synovate Comcon claim the number of readers of online versions of media will increase in the near future but insignificantly. Their possible competitors might be other information resources on the Internet: news blogs or social networks [6].

It has been estimated that about 60% of periodicals in the U.S. have already been using Paywall system, which provides for payment for the subscription when exceeding a certain number of read news. Paywall system can be configured differently. There are two most common options - "hard" and "soft". "Hard" version of access to the site's content is only open to registered users. In order to earn money presented content must have a certain value such as exclusivity or urgency and occupy a certain niche in the market of information on the Internet and to be a leader in the category.

For instance, such an option is resorted to by the periodicals publishing financial reports, forecasts of quotes and valuable reviews for profitable business operators. For example, The Financial Times which sites are only free as to blogs and mobile access. You have to pay from \$6.25 to \$20.05 a week for the rest content.

Soft or measured Paywall allows its readers to view a limited number of any newspaper articles and then they will be asked to pay for additional content. For example,

The Star Tribune daily newspaper (USA) provides free viewing of no more than twenty of its articles a week. Information beyond this amount must be paid for \$1.99 per week [7]. In Russia the most popular example of the introduction of chargeable access to articles on the site is The Vedomosti newspaper. Alternatively, the fee may be charged for a single unique material and articles by the most popular authors.

According to the findings of Simon-Kucher&Partners study it seems that in the next 3-5 years the media will be distributing up to 90 % of the online material for a fee. About 67% of respondents in media have admitted that they are going to introduce a fee for their content in the next three years. Approximately 27% of respondents have predicted a significant growth of media revenue as a result of payment introduction. In the survey they interviewed 2.7 thousand influential employees of international companies in various fields [8]. Following the results of Simon-Kucher&Partners research we can say that the era of free online content will end pretty soon.

Nowadays many famous online editions have already introduced partially chargeable access to their materials via "paywall". Users can read some articles for free or they get a monthly quota for the number of views and then they are asked to pay. By early April of this year about 60% of the sites of the largest US newspapers started charging for access to their information. The British newspaper The Sun has decided to introduce "paywall" from the end of March. The newspaper site is visited by 1.8 million users every day. In Russia as it has already been mentioned online access to articles takes place on the site of The Vedomosti.

Commercial projects development for mobile devices is also gathering pace: users in Russia are increasingly paying for iPad magazines. Leading publishers (Cosmo, MH) have 20-60 thousand paying subscribers per month, an increasing number of them make payments one month in advance. We would like to draw your attention to the fact that we did not have these figures six months ago. The segment of sales of electronic books is growing as well. Many people buy these books and about 70% of turnover is provided by business literature. According to J'son & Partners Consulting, the Russian e-commerce market was expanding at an average annual growth rate of 29 percent in 2008–2012, which is higher than in Western countries. The US e-commerce market, for example, rose 30 percent in the span of two years (2011 and 2012), rather than in just one year [9].

Social networks are actively developing all over the world. For example, Facebook, one of the leading networks, consists of more than 400 million active users with the total number of more than a billion users and a noticeable growth trend. Recently Facebook has actively aimed at Russia and China where the network has not been included in the top three yet. Unlike other European markets in Russia Yandex dominates while Google which owns more than 90% of market share in France and Germany and has only 34% in Russia. Similarly, VKontakte social network has 72% market share against 19% of Facebook [10].

There is no doubt the growing popularity of mobile internet. According to Tikhomirova N.V. "nowadays 61% of tablet PCs and mobile devices owners say that they are always available on the internet. Children and teenagers aged 11 to 15 spend 53 hours a week in front of a computer screen. More than 25% of kids under 5 years old have an access to computers of their parents, elder brothers or sisters. Through programs for iPad children can draw virtually, type texts and learn the language, learn musical instruments, play games and puzzles developing logic, watch cartoons" [11].

If we talk about young people aged 15-20 years, in fact since their childhood they have new opportunities of communication, the Internet and modern technology available. New generation is able to use modern gadgets and communicate via e-mail and a variety of messengers freely and gets and creates new content on the Internet.

Nowadays we can observe the rapid development and spread of new information technologies that change the life of every person living in a modern society. Today everyone can solve economic and social problems more efficiently and creatively. Technology is changing both the economy and social institutions and society itself. Thanks to them we can transfer large amounts of information very quickly. It is easy to create and maintain a community for work, leisure and study, to implement social projects.

As a result of this process marketing communications, the approaches companies use to disseminate information and to have an impact on consumers, also change as well as the cost structure to the various forms of marketing communications and advertising.

Marketing communications as one of the basic categories of marketing and the main means of influencing the target audience of the company represent a system of process control organization of promoting the company's

products at all stages before the direct sales to the consumer as well as during and after consumption.

The present stage of marketing development, accompanied by the active influence and implementation of information technology innovations in virtually every aspect of potential consumers' lives causes a shift in focus of communication activities of modern companies to new information fields. One of the key trends of modern work with the consumer is the increasing orientation of the main focus of communication activities of companies in a virtual environment, i.e. the Internet [12].

Importance of the Internet for marketing communications is stipulated by four factors:

- The digital revolution providing the possibility of transferring data in a digital form with their subsequent processing by using modern information technologies;
- The network effects (according to Metcalfe's Law, which describes such a thing as a "network effect" widely used in MLM, social media marketing and traditional communications networks and reads as follows: the value of any network is proportional to the square of the number of its users);
- Creation of extra value for consumers;
- New opportunities for consumers motivation so that they could be involved in the selection, comparison and purchase of goods.

According to the "Public Opinion" Fund for the winter 2012 - 2013 the Internet was used on a daily basis by 50.1 million Russians or 43 percent of the adult population. 64.4 million adult residents of Russia use the Internet at least once a month. Monthly increase of the Internet audience came to 11% compared to winter 2011 - 2012.

In October 2012 FOM claimed that the main growth of the Internet audience is due to people over 35 years, residents of small towns and women. According to the Fund in the summer of 2013 internet penetration in Russia reached 66%.

Russia has taken the second place in the number of Internet users after Germany (70 million) and if we take into account the Russian-speaking Internet segment of the CIS countries, the total market will be more than 130 million people.

Company benefits from the implementation of communications on the Internet are presented by some researchers as a model 6C [13]:

- Cost reduction;
- New capabilities to enter new markets with new products and services;
- Competitive advantage;
- Communications improvement with employees, customers, suppliers and partners;
- Control by tracking the behavior of customers and the level of services provided to the goods;
- Customer service improvement through interactive consumers demands processing.

Let us note that the presented model with some abstract representation of given benefits yet outlines a range of benefits arising from the implementation of communications on the Internet. However, there are much more real benefits of the company's presence in the virtual network today as we see it.

Development of a virtual network, SMM and digital has forced nearly all modern companies operating not only in the field of FMCG, but also on the B2B market to reconsider their ideas about marketing communications. The Internet provides companies with the opportunity to implement interactive communications and personalization of communications promises. At the same time, the virtual network is becoming a new form of interpersonal communication among users and permanently growing segment of potential consumers in almost all markets.

Communication activity in a virtual environment allows for greater interactivity marketing messages of the company in comparison with traditional, "off-line" communication tools due to the speed of the feedback and the possibility of providing targeted audiences with large amounts of information. Thus, interactivity of internet marketing communications is also one of very substantial arguments in their favor.

Virtual network as environment of the marketing communications is a qualitatively new information space to have an impact on the consumer in contrast to the traditional means of communication. Proven to be good in the past traditional or classical methods of communication are barely acceptable to implement marketing communications on the Internet. It should be noted that the wide opportunities of virtual environment set a challenge for modern companies of their effective use in their activities and require an adaptation of the traditional and the development of new forms of doing business.

Unlike traditional channels of communication, the Internet provides users with a new level of control and flexibility of perceived information flows. Virtual network

as a new communication medium, because of its interactivity, high information density, is significantly superior to the traditional channels of communication as to possible interaction with target audiences of companies.

In comparison with other channels of communication, the information field in the Internet is characterized by greater availability, high frequency and upgrade efficiency, lack of space limitations and high saturation with media content.

Another feature of marketing communications on the Internet is stipulated by the specifics of the network, in which there is a volatile communicative model "many to many", according to which each user can communicate with other users while obtaining feedback.

At the same time, the virtual environment is characterized by the active role of the user associated with the control of the opportunities to find information through various search engines and tools.

Another important feature of marketing communications on the Internet is the hypertext nature of communication messages. Specifics of hypertext technology, development and implementation of web 2.0 and web 3.0 technology is their orientation to the data processing not instead of but with the user. The advantage of this technology is the ability of users to define their own way to learn as well as to create and to modify materials in the network based on their personal abilities, life experiences, interests, knowledge and skills.

Variety of internet marketing communications forms stipulates the necessity of systematization and structuring these forms. First we turn to the researchers' opinion on this. Thus taking into account the objectives of the company they identify the following forms of marketing online communications [14]:

- Web site or portal which is an electronic platform capable of implementing all marketing communication tools. Use of the site is due to peculiarities of the organization of communication with the media and other target groups (partners, suppliers, etc.) as well as to the need for continuous support of users by providing additional information about the company. Besides the site can serve as a trading platform or intermediary to sell the products of the company.
- Tools promoting the increases of the number of visitors and traffic. In this group there are following forms of online marketing communications:

Advertising Internet communications, including, in particular:

- Contextual and banner advertising;
- E-mailing;
- Company site registration in specialized directories and search engines;
- Advertising communication services through teleconferences and bulletin boards;
- Advertising on specialized forums;
- Affiliate programs;
- Pop-up windows order;
- Video advertising;
- Advertising in social networks;
- Company blogging;
- Co-branding, etc.

Incentive Internet communications including, for example:

- Providing discounts when you order products through the company's website;
- Reimbursement of a certain amount of the purchase during the transition to the company's website through other sites, etc.
- Internet communication in the form of PR-activity by the use the sponsorship of popular Internet resources, publishing press releases on the industry-specific sites or sites of news agencies.
- Internet communication in the form of direct marketing (mailshot, the use of instant messaging services, etc.);
- In our opinion, we should separately emphasize Search Engine Optimization (SEO) and Social Media Optimization (SMO). This kind of website promotion cannot be considered a full-fledged online advertising and is a specific way of attracting visitors to the site;
- Tools which are not aimed at attracting visitors to the company website. Application of this group of communication is mediated by the use of virtual technologies for negotiation by exchanging e-mail messages, video messages, etc.

## CONCLUSIONS

Analysis of the literature on the theory and practice of forming marketing communications suggests insufficient elaboration of the subject matter under

consideration nowadays. In our opinion, the ways of classifying marketing communications on the Internet presented in the theory and practice of marketing should be supplemented with extra ways arranged as follows:

By the presence of feedback:

- Interactive forms of communication (Skype, social networks, E-mail, forums, etc.);
- Communication without feedback (contextual advertising, banner advertising, viral communication, etc.).

By the content of communication budget:

- Chargeable communications (contextual advertising, banner advertising, posting information on the forums on a given product category, etc.).
- Free or low-cost communications (CEO site promotion, mailshot, webinars arrangement, forum of the company, etc.).

By the degree of consumers involvement in the communication:

- No consumer involvement ("traditional" advertising and PR- communications);
- An average degree of consumer involvement (video resources, forums);
- A high degree of consumer involvement (games on the Internet, etc.).

By the duration of the impact on the target audience:

- Time-limited communications which are usually chargeable communications or communications which time limit is connected with the peculiarities of various virtual resources functioning;
- Unlimited in time communications (information posted on forums, social networks and blogs, news resources, etc.).

Marketing communications via the Internet continue to evolve. There are increasingly new ways to deliver content to consumers. Mobile advertising is growing, the media are increasingly moving to the Internet focusing on the concept of "five screens" which is content delivery through smart phones, tablet PCs, laptops, computers, smart TV. Most content becomes chargeable. There is growing popularity and influence of Internet networks

and online communities. These are new markets and new audiences. All these factors make us reconsider the classic ways of communication with the consumer and move forward keeping pace with the generation born in the era of digital or digital natives.

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