

FEATURES OF INTERNET MARKETING APPLICATION IN THE PROMOTION POLICY OF METALLURGICAL ENTERPRISES

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The article identifies the place of Internet marketing in the system of metallurgical products promotion. It has been established that the promotion of goods and services on the Internet today is a very effective means of delivering advertising to the target audience, and in some cases even more effective than the press (both electronic and traditional). It is emphasized that the use of the Internet marketing principles contributes to a significant reduction in transaction costs, which are aimed at establishing and maintaining relationships between the company, its customers and suppliers. It is determined that the use of Internet marketing helps to obtain detailed information on the requests of each individual customer and stimulates the implementation of products and services that meet individual requirements. The key factors of the metallurgical industry informatization, which influence the intensity of Internet marketing tools introduction in the policy of metallurgical enterprises' products promotion are systematized. The algorithm of a typical electronic trading platform in the metallurgical sector is presented, which allows to combine on one resource information-analytical data on the situation on the world and domestic metal market, information on metal producers and traders, library of standards and certificates, product catalogs of different companies, etc. It is established that the use of electronic trading platform can significantly reduce the term of the transaction compared to traditional trading methods, ensure timely delivery and payment, the possibility of maximum choice among alternatives and simplify the procedure for ordering products. The importance of directing the vector of the metallurgical enterprise's promotion policy not to the «average» buyer, but to the specific needs of a certain customer, which will positively affect both the quality of cooperation and the level of income of the enterprise is defined. The importance of using Internet marketing in the formation of a positive brand of a metallurgical enterprise in today's highly competitive environment is emphasized. The tools of Internet marketing in the metallurgical market and the main tasks solved by their use are generalized.

Key words: internet marketing, promotion, innovation, informatization, digitalization, advertising campaign, electronic trading platform, metallurgy.

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Formulation of the problem in general. In modern conditions, Ukrainian metallurgical enterprises face the problem of increasing market competition and the need to find new tools to promote their products. This task is especially relevant in the context of European integration and strengthening cooperation with developed countries, which involves a significant reduction of customs barriers and, as a consequence, the complication of competitive conditions for domestic producers. Modern scientific literature offers a wide range of information on the study of various aspects of marketing while improving the efficiency of product promotion. However, on the market of met-

allurgical products there is a clear shortage of research in the field of marketing in the activities of metallurgical companies. This is partly due to the high monopolization of the market. At the same time, the processes of globalization and informatization of society make adjustments to established socio-economic systems and force metallurgical enterprises to find optimal ways to implement Internet marketing within their activities.

Analysis of recent research and publications. Consideration of the most relevant publications on the researched issues allowed us to come to the conclusion about the general nature of the approaches to the study of the Internet market-

ing implementation in the process of promoting the products of an industrial enterprise. O. Ptashchenko [6] investigates Internet marketing in the sales management system of the enterprise without specifying the type of enterprise activity. The works of I. Boychuk [3], A. Nesterenko [5], M. Solodara [8] are devoted to the study of features and prospects of using the Internet in the marketing activities of the enterprise, as well as the development of effective management practices that can be used by Internet marketers in various sectors of economy. O. Antonenko, Z. Kozar [1], V. Antoshchenkova, O. Bogdanovich [2], O. Arefieva, O. Polous [10] consider Internet marketing as an element of the general system of innovation of enterprise management, while in analytical reviews of V. Fishchuk, V. Matyushko, Ye. Chernyev, O. Yurchak, Ya. Lavryk, A. Amelin [9] and M. Keenan [11] emphasizes the importance of further improvement of e-commerce tools to increase the efficiency of product promotion. The work of N. Dutova [4] and M. Sahaydak, N. Lavren'ov [7] can be called more narrow-minded, as they concretize various essential aspects of the use of modern information and communication technologies by metallurgical enterprises in their marketing activities.

Forming the purpose of the article. The purpose of the article is to study the features of the Internet marketing tools introduction in the metallurgical enterprise's activities of in order to increase the efficiency of metallurgical products promotion on the Ukrainian and foreign markets.

Research methods. The study used a number of general scientific and applied methods: analysis (in determining the key factors of the metallurgical industry informatization), synthesis (when systematizing the tools of Internet marketing on the metallurgical market and the main tasks that are solved through its use), graphic (for visual presentation of research results), method of comparison (in the formation of a typical algorithm of electronic trading platform in the metallurgical sector), content analysis (when working with analytical reports), etc.

Results of the research. Due to the development of information technologies, in particular, the global Internet, a special place in the system of metallurgical products promotion began to be given to Internet marketing. Due to the fact that the global Internet began to develop actively only in the 1990s, and Internet marketing as a scientific discipline has a little more than twenty years, the theory of the issue is in the process of formation. However, today we can say with confidence that this area of marketing has become an effective tool for promoting metallurgical products.

Like most Ukrainian enterprises and organizations, metallurgical companies are beginning to actively explore the possibilities of the Internet to promote their products. At the same time, judging by the growth of advertising budgets and rising prices for advertising in this segment of the network, the promotion of goods and services on the Internet is a very effective means of delivering advertising to the target audience, and in some cases more effective than the press. However, at present it is impossible to say that all metallurgical companies have redirected their advertising budgets to the network and have taken their on-line representations seriously. In fact, compared to other areas of activity, the Internet occupies a very small percentage of activities of companies operating in the metal market, which suggests a

further increase in advertising prices and increasingly fierce competition for first place in search engines.

The specifics of tools and areas of Internet marketing differ depending on the market orientation of the metallurgical enterprise. Products produced by the industry can be roughly divided into three categories: 1) exchange commodity; 2) B2B commodity; 3) retail.

According to some experts, it makes almost no sense to advertise an exchange commodity group, because its price is formed daily on the LME (London Metal Exchange), and the main buyer is an exchange speculator who does not care about the manufacturer, he is only interested in exchange prices for certain products [9]. At the same time, it is impossible to completely agree with this point of view, as any stock market has a high sensitivity to measures to improve the company's image, improve its market positioning, which has a positive effect on prices and purchases of products.

To a lesser extent, sales take place within the most vertically integrated companies with a technological chain (a good example is the Ukrainian METINVEST). Balances are sold under direct contracts, in which the main parameter is price formation, which is often already a trade secret of partners, but discounts and markups are also based on world prices for LME.

In the field of sales of metal products on the B2B market are less semi-finished products, and more – the products of the second redistribution: fittings, pipes, fasteners, hardware, etc. The main information that worries the business media market is the actual output in tons. On the other hand, it is an export-oriented niche in which producers are not worried about domestic demand, because profits are generated abroad [2].

According to the category of retail sales, marketing at Ukrainian metallurgical enterprises is practically absent even in the field of sales of metal tools, although not only in developed but also in developing countries, this sub-sector is one of the most branded. As a result of this policy of domestic enterprises, the Ukrainian metallurgical sector has virtually lost the retail that was «intercepted» by hardware and fasteners from China, and if such a policy is used in the future, it is possible losses in a significant segment of the B2B market.

In the above conditions, there is a need to increase attention to modern marketing tools in the promotion of metal products.

The Internet differs significantly from traditional marketing in its quality characteristics. According to experts in the field of Internet marketing, «one of the main properties of the Internet environment is its hypermedia nature, characterized by high efficiency in the presentation and assimilation of information, which significantly increases marketing opportunities to strengthen the relationship between businesses and consumers» [8].

On the other hand, the use of the Internet, according to some experts, adds new features and advantages over marketing based on traditional technologies. Here are some of them:

- the transition of a key role from producers to consumers;
- globalization of activities and reduction of transaction costs;
- personalization of interaction and transition to one-on-one marketing;
- reduction of transformation costs.

The Internet has helped shape a situation where a key role in business processes shifts from producer to consumer. The Internet is characterized by a situation in which the consumer is active in finding a manufacturer of certain products, rather than the manufacturer is trying to sell their product. Information communication channels give the consumer the opportunity to decide for themselves which products interest him, request the necessary information and respond to it. In this situation, gaining the attention of customers becomes the greatest value, and establishing strong relationships with customers – the main task of the company.

The Internet transforms the scale of financial and economic activity of the enterprise. Companies that use the methods and principles of Internet marketing are involved in global economic relations. The Internet allows companies, even the smallest, to reach the world level of doing business. The World Wide Web is a global means of communication that has no territorial boundaries. The distance between the seller and the buyer plays a role only in terms of transport costs at the stage of delivery of goods.

In addition, the widespread use of the Internet marketing principles contributes to a significant reduction in

transaction costs, ie the costs associated with establishing and maintaining relationships between the company, its customers and suppliers [11]. At the same time, the cost of communications, compared to traditional means, becomes minimal, and their functionality and efficiency increase significantly.

Using the Internet and the basics of Internet marketing, companies can obtain detailed information on the requests of each individual customer and automatically provide products and services that meet individual requirements. Thus, the Internet facilitates the transition from mass marketing to one-on-one marketing. Reduction of transformation costs can be achieved through the optimal choice of the structure of the product range, reducing the time for development and implementation of new products, sound pricing policy, reducing the number of intermediaries, marketing costs, etc.

The above factors, as well as a number of general economic factors, lead to active informatization of metallurgical enterprises. Their system is presented on Figure 1.

Information and trade Internet systems are especially popular among metallurgical companies today. Such systems are focused on providing information-analytical and

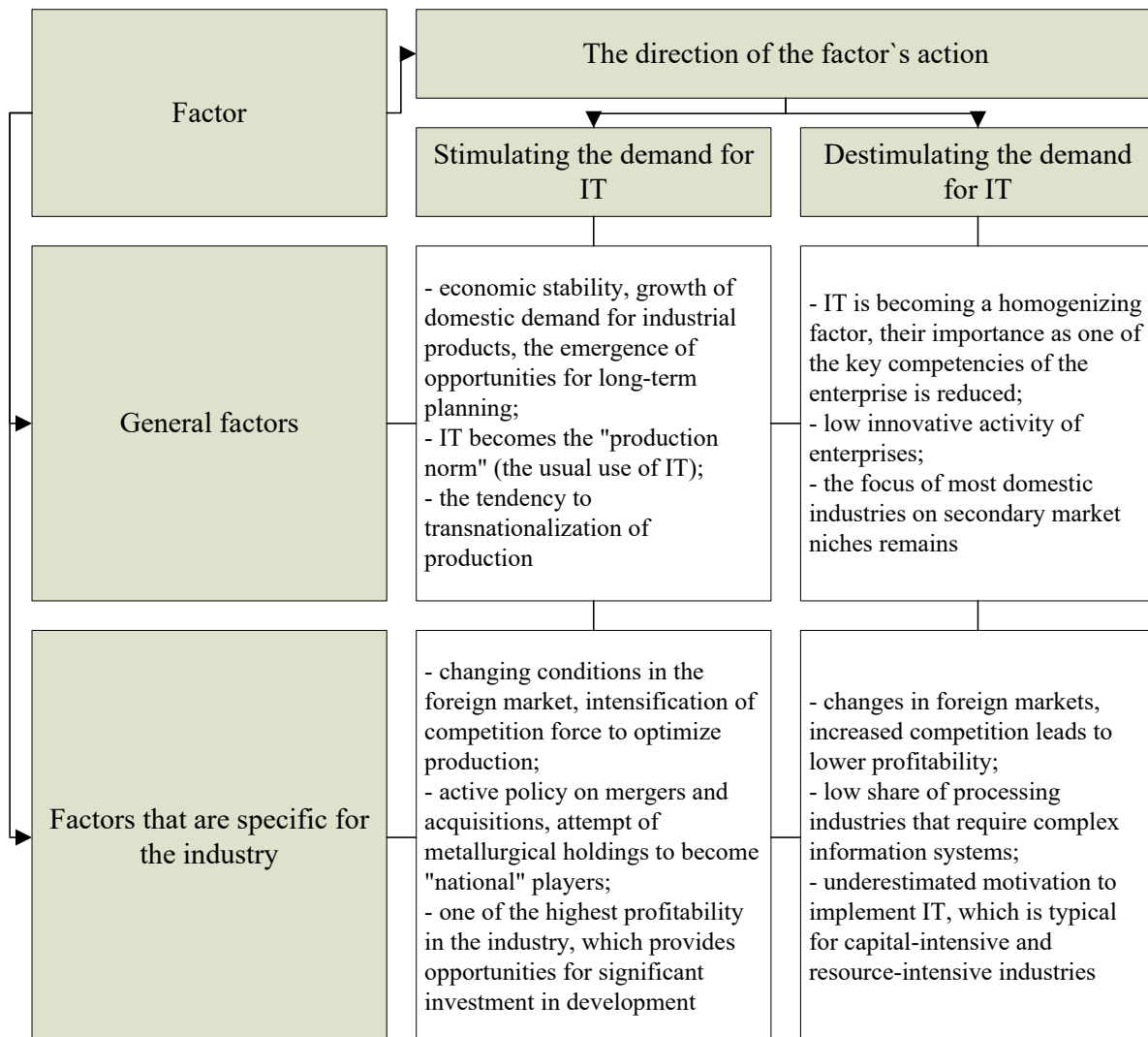


Figure 1 – Key factors of the metallurgical industry informatization

Source: systematized by the authors

trade support to metallurgical companies [5]. Visitors to the system are provided with information and analytical data on the situation on the world and domestic metals market, information on metal producers and traders, a library of standards and certificates, product catalogs of various companies, etc. (Figure 2). In addition, such a system provides an opportunity to conclude agreements between its participants. Trading within the system allows:

- significantly reduce the term of the transaction compared to traditional trading methods;
- ensure timely delivery and payment, the possibility of maximum choice among alternatives;
- simplify the procedure for placing orders for products.

One of the reasons why almost all «metal» traffic is concentrated on a couple of dozen domestic and foreign metallurgical portals is the conciseness of the industry. After all, almost all sites contain a standard set of information that is almost no different except for prices. The maximum additional information content that corporate sites can afford is the placement of state standards and bulletin boards. But this information is «borrowed» by metallurgical portals too [3]. This situation makes it increasingly difficult for the corporate site to get to the first pages of search engines, namely

search engines are the main source of traffic for the site, forcing companies to increase advertising costs.

Metallurgical enterprises in the process of promoting their products in the last few years have become active in the methods of Internet marketing [7]. The presence of a corporate Internet site is a prerequisite for successful business development in modern conditions of economic systems. The main purpose of the corporate site is to provide visitors with information about the company, products, contact information, etc., ie about everything that a potential customer may need [1].

Metallurgical enterprises post product information, customer support, corporate information, etc. on their websites. However, it is not enough just to have an Internet site to promote metallurgical products. It is necessary that potential consumers of metallurgical products choose this Internet site, instead of the site of the companies of competitors [4]. To promote their Internet sites, and in fact to promote their products, metallurgical enterprises use such methods of Internet marketing as e-mail marketing and aggressive marketing (Invasive Marketing).

Thus, we can conclude that in the development of information technology the role of Internet marketing in the promotion and sale of metallurgical products is growing. Internet marketing has a number of advantages over traditional

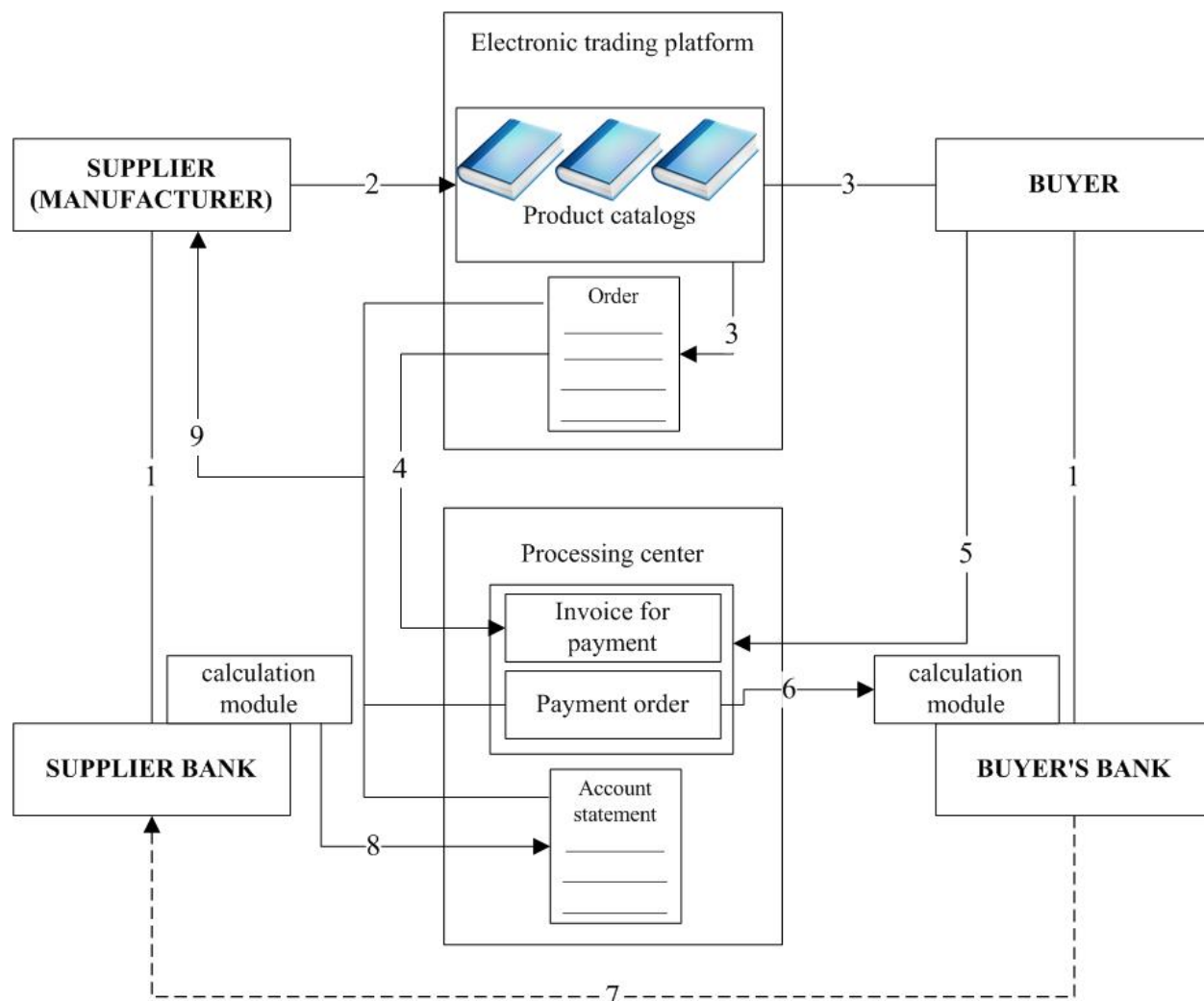


Figure 2 – Algorithm of a typical electronic trading platform operation in the metallurgical sector

Source: developed by the authors

marketing. Internet marketing, first of all, gives the consumer the opportunity to obtain comprehensive information about the goods. For this purpose the enterprises of metallurgical branch have recently started to actively resort to a method of creation of the specialized Internet pages (sites) where the potential consumer (customer) can not only get acquainted with production of the enterprise, but also to read responses of previous clients of the enterprise.

Internet marketing of metallurgical enterprises allows to establish a productive dialogue between the manufacturer and the customer. By using Internet marketing methods there is a transition from mass marketing to one-on-one marketing [6]. The company begins to focus not on the «average» buyer, but on the specific needs of a particular customer, which has a positive effect on both the quality of cooperation and the level of income of the enterprise.

In addition to direct product promotion, Internet marketing can play a significant role in shaping a positive brand of a metallurgical enterprise, which, ultimately, will also have a positive impact on sales. The metallurgical market is currently undergoing a process of capitalization, which entails mergers and acquisitions of companies and, accordingly, the audit assessment of enterprises. In this regard, for companies in the metallurgical sector, in addition to standard functional units of the system and units related to the peculiarities of production, an important role is played by the brand of the system – a kind of guarantor of its quality. Among the large-scale popular solutions in this area are Oracle E-Business Suite and SAP, among the medium – Microsoft Dynamics AX.

A systematic view of Internet marketing tools is shown on Figure 3.

Thus, we can say that Internet marketing in the process of promoting metallurgical products has the following competitive advantages:

- provides the consumer with comprehensive information on the products produced by the metallurgical enterprise;
- establishes a productive dialogue between the producer and the customer of metallurgical products;
- transition from mass marketing to one-on-one marketing;
- orientation of the metallurgical enterprise on individual needs of the customer;
- reduction of transformation costs;
- reduction of transaction costs;
- increases the effectiveness of the advertising campaign by increasing the share of the target audience;
- reduction of the advertising budget.

Conclusions. The Internet transforms the scale of financial and economic activity of the enterprise. Businesses that use Internet marketing methods and principles are involved in global economic relations and, accordingly, have more competitive advantages over businesses that do not use the Internet. The Internet allows companies, even the smallest, to reach the world level of doing business. The World Wide Web is a global means of communication that has no territorial boundaries, moreover, the use of Internet marketing principles contributes to a significant reduction in transaction costs. Today, metallurgical enterprises are actively turning to the use of the Internet as a tool to promote and present their company, more often it happens through the corporate site, because the presence of the Internet site is a prerequisite for successful business development in modern economic systems.

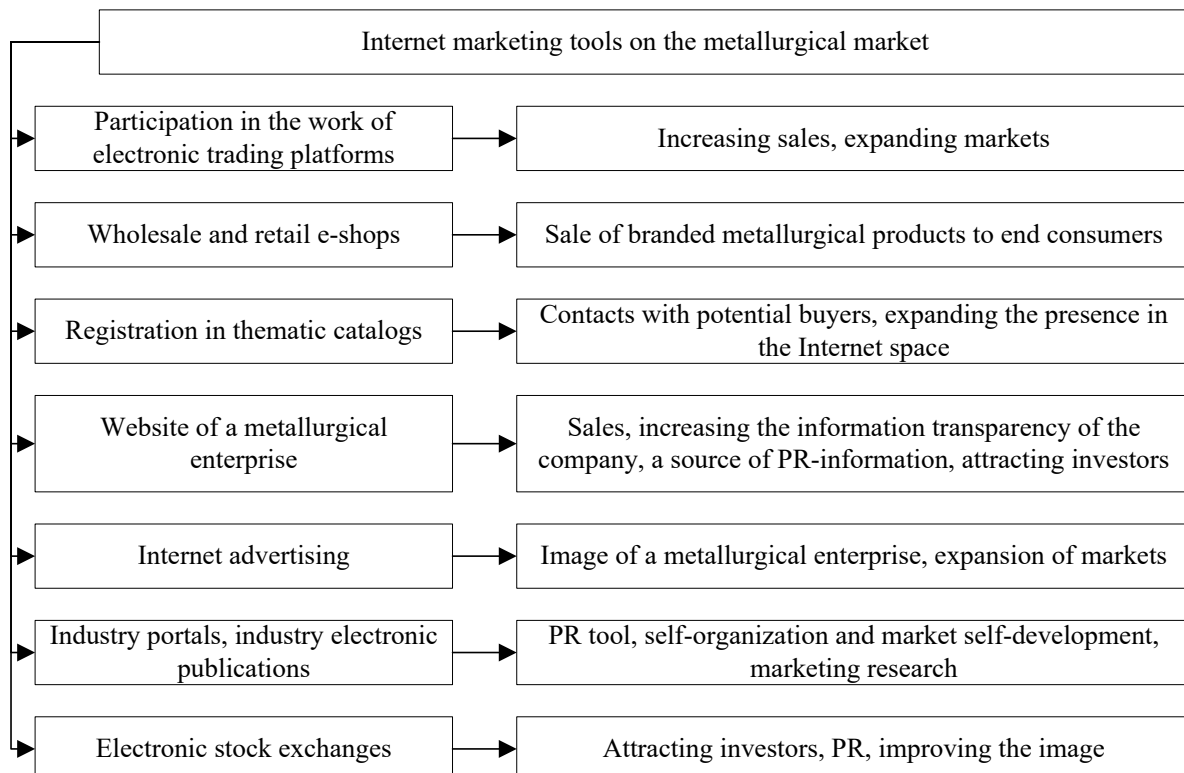


Figure 3 – Internet marketing tools on the metallurgical market and the main tasks solved by their use

Source: systematized by the authors

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ОСОБЛИВОСТІ ЗАСТОСУВАННЯ ІНТЕРНЕТ-МАРКЕТИНГУ В ПОЛІТИЦІ ПРОСУВАННЯ ВИРОБІВ МЕТАЛУРГІЙНИХ ПІДПРИЄМСТВ

У статті визначено місце Інтернет-маркетингу у системі просування металургійної продукції. Встановлено, що просування товарів та послуг в Інтернеті на сьогодні є досить ефективним засобом донесення рекламного оголошення до цільової аудиторії, а в деяких випадках навіть більш ефективним, ніж преса (як електронна, так і традиційна). Підкреслено, що використання принципів Інтернет-маркетингу сприяє значному скороченню транзакційних витрат, які направлені на налагодження та підтримку взаємовідносин між компанією, її замовниками та постачальниками. Визначено, що використання Інтернет-маркетингу сприяє отриманню детальної інформації щодо запитів кожного індивідуального замовника та стимулює реалізацію продуктів та послуг, що відповідають індивідуальним вимогам. Систематизовано ключові фактори інформатизації металургійної галузі, які впливають на інтенсивність впровадження інструментів Інтернет-маркетингу в політику просування виробів металургійних підприємств. Наведено алгоритм роботи типового електронного торгового майданчика в металургійному секторі, який дозволяє поєднати на одному ресурсі інформаційно-аналітичні дані щодо ситуації на світовому та вітчизняному ринку металів, відомості про виробників металопродукції та трейдерів, бібліотеку стандартів та сертифікатів, каталоги продукції різних компаній тощо. Встановлено, що застосування електронного торговельного майданчику дозволяє суттєво скоротити терміни угоди в порівнянні із традиційними методами торгівлі, забезпечити своєчасність поставки та оплати, можливість максимального вибору серед альтернативних варіантів та спростити процедуру оформлення замовлення на продукцію. Визначено важливість направлення вектору політики просування металургійного підприємства не на «середнього» покупця, а на конкретні потреби певного замовника, що позитивно позначатиметься як на якості співробітництва, так і на рівні доходів самого підприємства. Наголошено на важливості використання Інтернет-маркетингу при формуванні позитивного бренду металургійного підприємства у сучасному висококонкурентному середовищі. Узагальнено інструменти Інтернет-маркетингу на металургійному ринку та основні завдання, які вирішуються за допомогою їх використання.

***Ключові слова:** інтернет-маркетинг, просування, інновації, інформатизація, цифровізація, рекламна кампанія, електронний торговельний майданчик, металургія*

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