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# Transformation of mechanism of sales and services promotion in digital environment

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**Abstract.** Digitalization of economy will not solve the problem of gaining consumers' trust. Consumers are getting more independent in their choice; they learn to escape watching advertisements. That is why reputation of an organization, together with price, is becoming a powerful stimulus of consumer choice. In order to overcome informational overload of digital environment and create reputational assets, it is necessary to change the strategies of marketing communications. The content of messages should address basic values of consumers, therefore the emphasis should be shifted to promoting social ideas. High importance of an idea means high involvement of consumers and that allows overcoming informational overload of digital environment. Correlation of expenses and profits from realizing a social idea and also the value of an idea for the society and an individual determine four types of promoting strategies. Interconnection of an organization business and the problem being solved enables not only forming reputation but also performs commercialization of a social idea in the form of sales of a material product. Promoting a social idea requires network structure of building the process of communication. The network model of communication takes into account multiplicity of subjects participating in the communication and also 'self-sufficiency' which is intrinsic to the idea as benefit suggested for exchanging.

## 1. Introduction

Startup of a national program *Digital Economy* has been planned for October 1, 2018. The aim of the program is creating an ecosystem of digital economy where digital data will become the key factor of production in all spheres of socio-economic activity by means of efficient trans-border cooperation of business, research and academic community, the state and its citizens [1]. It is supposed that business will have more opportunities for digitalization from the point of view of both developing communication networks and implementing digital technologies and platforms for working with large amount of data and their storage. These measures, together with developing digital government office, are aimed at creating favorable conditions for increasing productivity and reinforcing internal competitive advantages of Russian producers. This positive tendency should not distract from the main focus of production — consumers. Digital technologies expand borders of consumption, change the mechanism of consumer choice of goods and services and determine consumers' experience and



requirements. New possibilities don't relieve business from struggle for the client; they only transfer competition to a whole new level.

Digitalization has made markets of many goods global. Globalization leads to unification of standards of entrepreneurial activity. Access to new technologies is getting easier; novelties become global commons in the shortest possible time. It is getting simpler and simpler to copy this or that feature of a product. As a result, goods and services of various organizations are insignificantly differentiated [2]. Their advantages are not always understandable for consumers therefore when making their choice they apply criteria which are often not related to quality and other formal characteristics. At the same time the Internet allows to obtain extensive information about prices of analogous products and that intensifies price competition. It is quite difficult to maintain the competitive lead for a long time; therefore companies try to gain confidence of potential consumers. A company's credit is a complicatedly replicated external competitive advantage. For digital environment credit, together with a price, is becoming a powerful stimulus of consumer choice [3].

Digital technologies have provided high availability of information for consumers. According to WCIOM data for December 2017, 65% of Russians at the age of 18 and older go on the Internet every day; 45% use at least one social network daily [4]. Increase in the number of various sources of information has created conditions in which consumers feel informational pressing and difficulties with perceiving new data. Advertisers constantly improve instruments of Internet-marketing [5], however consumers have learned to avoid advertisement viewing. If they don't manage to do that, they demonstrate a low level of attention and memorizing. Very often information of scandalous or entertaining nature arouses interest. If consumers need information then they search for it independently using habitual means and studies reviews of other consumers.

Informational transparency makes business organizations vulnerable. Negative information spreads out fast in digital environment. Scandal forces well-known organizations, such as *Samsung* or *Uber*, express themselves before public for mistakes they have made. But often their apologies don't solve the problem without their loss of reputation and sometimes even loss of business (for example, like with *Enron Corporation*). Not only mass media but also numerous civic organizations use more and more sophisticated tactics of popularizing their ideas, they organize Internet attacks on reputation of large world companies. Corporate employees also demonstrate opportunist behavior when they post online negative videos. In such conditions it is hard to improve and save reputation.

However, digital environment represents new possibilities of cooperation. The example of dissemination of the idea of ethical (conscious, sustainable) consumption is of great interest for the goals of this research. The model of behavior is manifested in the intended choice of products, produced, processed and delivered in an ethical manner, when the producer guarantees that in the process of his activity human rights violation, harm for animals and environment are kept to a minimum. Such model of consumption is the result of the concept of stable development (sustainable development) of socio-economic systems studied in the works of T. Maslova [6, 7]. In the countries of Europe, USA and Canada the idea has acquired popularity and has transformed into a movement which has been named 'ethical consumerism' or 'conscious consumption'. Ethical consumerism is revealed in reduction of consumption and that conflicts the objective of most organizations to increase sales. Nevertheless, many trade organizations supported the practice of sustainable consumption creating conditions for repeated usage or upcycling of clothes and other household items. For example, *IKEA Company* accepts old bedding items for upcycling for charitable purposes or producing waste cloth. The company also sells kitchen front pieces made of processed plastic material. Thus, the organization has discovered new market opportunities and has created external competitive advantages by supporting a popular social idea.

The trend of the social responsibility of business organizations was formed quite long ago, however, until recently; companies didn't show any significant activity for popularization of social ideas among consumers. At the moment the situation is notably changing. Many companies, financing social projects, call their clients for fundraising, notifying them that purchasing a product they donate to charity. From our point of view promoting social ideas for forming reputation of a business

organization on B2C markets has development prospects. Studying both various directions of promotion on the basis of a social idea in digital environment and also mechanisms of realization and estimating efficiency of such processes is of immediate interest.

## **2. Research methodology**

The objective of this study is determining main elements of the model of promoting goods and services on the basis of a social idea in digital environment.

Research methodology is based on system analysis and synthesis of separate concepts and theories of communication, applying methods of cases regarding subjects which perform communications in various situations, and watching demonstration of consumer behavior and social movements.

Data, obtained by other scientists who are famous for their studies in the field of social activity of business organizations and marketing communications, is used in this research. The authors generally agree with the results of Irena Slavova on the necessity of applying principles of planning used when developing a corporate strategy during working out social projects [8].

Camelia I. Lungu, Chirața Caraiani and Cornelia Dascălu attach great importance to revealing social and ecological information and that indicates that there are perspective directions for searching social ideas [9]. O. Flak and A. Pyszka demonstrated that external stakeholders can be a source of initiatives for social projects [10]. Attaching a social idea to outer source allows the organization to associate itself with a popular social movement. S. G. Bozhuk and N. A. Pletneva have studied interconnection between social activity of business and loyalty of Russian consumers. They discussed problems of ecological and social spheres of entrepreneurial activity with consumers and analysed the ability of stakeholders to initiate social ideas. Studying initiatives in various fields of business demonstrates orientation of consumers on the low level of social responsibility of organizations and low activity of consumers themselves in realizing social ideas, their reliance on the 'state' [11].

Parminder Kaur has studied consumers' perception of social activity of organizations taking into account their wishes to purchase a product and he specifies that there is positive interconnection between consumer trust, which is a result of corporate social company's responsibility, and the intent to buy its product [12].

Sankar Sen and C. B. Bhattacharya notice that consumers are more sensitive to negative information about the company than to positive data when evaluating this company; at that, all consumers react adversely to negative information, and positive information arouses positive reaction only in those consumers who demonstrate involvement into solving social tasks [13].

E. Zhgulev, S. Bozhuk, K. Evdokimov, N. Pletneva studied readiness of Russian consumers to purchase a social product without active promotion of a social idea using the example of electromobility. The results show that the idea of protecting environment from automobile transport pollution arouses understanding in consumers. Consumers demonstrate high awareness of European trends of ecologically responsible consumption in the sphere of personal passenger automobile transport. However, they consider the problem to be too extensive to see the connection between their own choice of an automobile and the ecological problem. Therefore the character of the supported social idea and its connection with involvement of consumers into solving the social problem is the key for efficient promotion of an organization [14].

The authors have analyzed the existing models of communication which are being applied in marketing. Models of communication represented in publications of E. Rogers, K. Shannon, R. Jacobson, P. Lazarsfeld were considered in the study. Studying models of communication allowed to define how a message gets to an addressee, how it is perceived, digested and memorized by him, how it influences his decisions and transforms into certain actions, that is, how it influences target audience. Components of a communication process are an addressant, an addressee and the message which is communicated to the latter. Controlling the processes of encoding and decoding allows speaking with a consumer in the same language. Feedback makes it possible to determine and measure communicative effects of marketing communications. These characteristics allow to significantly

expand the existing models by determining key points and suggest a model which can best meet the requirements of promotion in the digital environment.

### 3. Results obtained

Taking into account informational overload of the digital environment, the authors think that the mechanism of promoting an organization needs being changed. These changes are related to content of messages and the network structure of building the communication process.

Content of messages of an organization should overcome perception barriers. In order to attract attention and arouse interest of consumers the content of messages should affect their values. Values — beliefs of a consumer about his life and acceptable behavior, transcendent to exact situations or events, characterized by firm stability, are the core of forming a personality [15]. The values determine expressive evaluation of certain objects and are characterized by confidence in the validity of the relationship having been formed. Together with the categories of faith and relationship, values form the basis of a social idea.

The practice of promoting many global companies demonstrates their activity in using ‘ideologic’ basis for promotion. In particular, it is worth noting the activity of *Yves Rocher Company* which presents itself as an ‘expert of producing vegetative cosmetics’. The company created a Fund in 1991 which mission — ‘To make the world greener’ — is being realized in two main directions: *Terre des Femmes (Women's Terrain) Award* and *Make the Planet Green Together*. To the present time the actions propagandize the ideas of ecology on concrete projects.

A social idea is a figural product. Production of an idea is characterized by creating a value-based model of a correct, from the point of view of a source (producer), idea of behavior. Presence of the image of ‘correctness’ of the behavior determines two variants of message strategies on the basis of a social idea: support of the ‘correct’ behavior and/or propaganda of rejecting ‘wrong’ behavior. Applying social ideas for promoting an organization has its peculiarities:

— Searching for an idea is implemented with account of importance of the problem and the state of its solving. This makes it possible to concentrate efforts on current affairs which worry consumers. High importance of an idea means that consumers' behavior is characterized by high involvement and that allows overcoming informational overload of the digital environment. Indicators of importance are: legislative initiatives and programs, publications and comments for them, search queries, thematic social groups, public and private initiatives (memes, flashmobs, etc.).

— Arguments and stimuli of a message should take into account consequences of ‘correct’ behavior for the society and an individuum. Taking a decision to accept a social idea (changing behavior) a consumer compares total expenses on remedies and profits which he gets as a result of changing the behavior. Actual costs are monetary and non-monetary direct and indirect expenses, the burden of which is carried by the consumer when adapting a social idea. In case it is difficult for a consumer to estimate profits after changing the behavior expenses are deemed to be relatively high. On the perception of the cost-benefit ratio is significantly affected by the circumstance who ultimately benefits. A social idea may be valuable for the society in general or personally for a consumer. It is evident that it is easier to promote those social ideas which provide profits personally for a user than those which are connected with value for the society in general. Peculiarities of realization of a promotion strategy depending on the characteristics of a social idea in the context of ‘balance between benefit and cost’ and ‘value of a social idea’ are shown in table 1.

**Table 1.** Strategies of promotion on the basis of a social idea.

<b>Cost-benefit ratio from the implementation of the idea</b>	<b>Value of social idea</b>	
	<i>For society as a whole</i>	<i>For the individual personally</i>
<i>Excess cost over benefits</i>	Propaganda of the organization's position on a difficult problem	Formation of awareness and emotional assessment of the problem

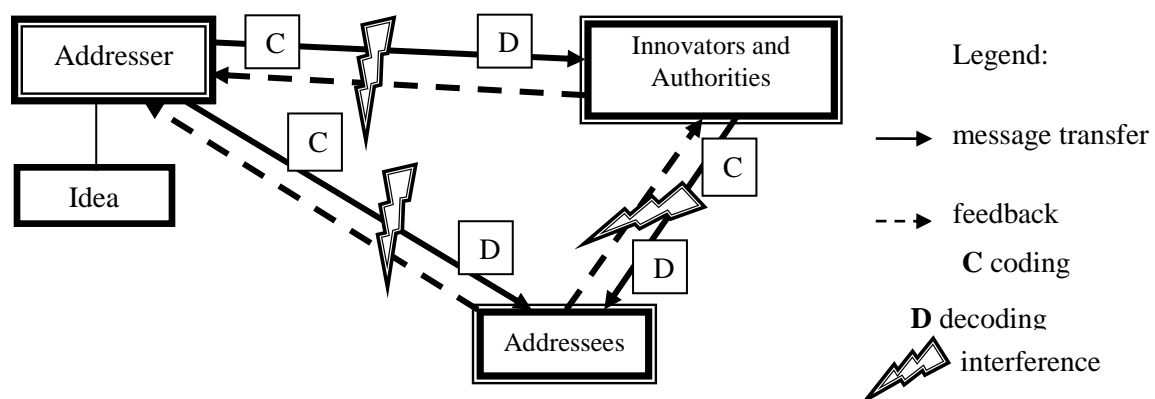
	Attraction of state support	Behavior patterns propaganda (rejection of 'wrong' behavior)
<i>Excess benefit over cost</i>	Formation of stakeholder involvement in problem solving Attracting media to consolidate efforts	Support for 'correct' behavior Popularization of goods and services that facilitate the solution of the problem

Most favorable is the situation when a consumer has no significant expenses on supporting 'correct' behavior [16]. Least favorable is the situation when an idea is connected with the value for the society as a whole and the consumer perceives expenses as exceeding obtained benefits. For example, struggle with polluting emissions into natural bodies of water provides social benefits. Automobile transport in Russia is becoming the main source of polluting the environment. However, consumers are not ready to refuse personal transport with internal combustion engines in favor of electromobility as it is connected with high expenses both financial and also ethical [17].

Interconnection between an organization business and the problem being solved allows both propagandizing models of behavior for solving a social problem and also implementing commercialization of a social idea in the form of sales of a material product and that can contribute to solving the problem [18]. There are many examples of how commercial organizations realize projects of social orientation and grow their business at the same time. For example, a Brooklyn shop *Aelfie* has released a collection of Indoor/Outdoor carpets which have been produced of used plastic bottles. It is easy to clean bright carpets with geometric patterns. The price of such a carpet is 65\$ for a small size [19].

In those cases when business is not connected with the social idea being promoted the organization is oriented to forming its image. In the case of promoting a new idea the strategy is aimed at forming the reputation of a social innovator, an organization which works for proactive social responsibility. If the idea is not new then its support will help the organization to add emotional coloring to its image which is compatible with the problem being solved.

The communication model applied for promoting on the basis of social ideas has a set of features in comparison with traditional models of communication. A communication model is a mechanism of information interchange between the source (producer of a social idea) and other subjects of the medium for achieving the desired goal. The authors think that the structure of building the process of communication is more appropriate for the digital environment (figure 1). The network model of communication takes into account multiplicity of subjects participating in the communication and also 'self-sufficiency' which is intrinsic to the idea as benefit suggested for exchanging. A social idea does not belong to its creator therefore other organizations may promote it as well. In particular, the ecological idea is so popular that many producers think it is necessary to 'account' to the society for their achievements in this field.



**Figure 1.** A network model of communications for promoting an organization on the basis of ideas.

Multiplicity of subjects which take part in communication means not only multiplicity of addressants but also presence of an additional group of addressees who act as the target audience for promoting social ideas and distribute the ideas in the same way as other participants of informational channels. The key role in the process of diffusion of social ideas is played by innovators and authority figures — figures on the Internet whose opinion is respected and trusted. Very often authority persons are not only formal leaders, they are participants of communication who form opinions by reason of their information awareness and persuasiveness. An average consumer (a blogger) may be a leader of opinions who influences the behavior of the target audience [20]. Opinion leaders are not only well informed but also sociable and ready to share the information and they are inclined to persuade. Differences in perception of social ideas are manifested in the dependence on innovative behavior. Innovators are conductors of something new and they are ready to induce others by their own example. That is why innovators are involved into network models together with authority figures. Brand ambassadors are a certain example of similar influence on target audience. Simultaneous use of two categories of addressees helps to achieve wide discussion of a social idea and increase the rate of involving audience. It is also important that network communication places an emphasis on cooperation inside the social structure during the discussion of a social idea.

Beyond the framework of communicational influence an addresser and an addressee perceive the social idea in diverse ways; they have a different level of awareness about it, a different level of involvement into solving the socially important issue. If they did that in the same way then the addresser would have no need to encode information into the form which is acceptable for the addressee.

Disturbances are internal and external factors which corrupt a message. Noise exists in those parts of the model where the message is transferred. That is why feedback is compulsory as it helps to achieve a unified interpretation of a social idea and measure the effects of communicational influence. Formal and informal communications, discussions in communities, comments, etc., may be regarded as a feedback.

#### 4. Conclusions

Social responsibility is no more only an internal business of an organization. Proactive position of an organization regarding social problems reveals new possibilities for forming reputation and searching new fields for business. Thanks to the ability of an idea to make an impression, consumers' trust to the organization is formed. Changing strategies of marketing communications on the basis of social ideas makes it possible for a business organization not only to show its sincere interest in solving a social problem but also to involve wide audiences into this activity and consolidate efforts of various stakeholders. Using multiple channels of marketing communications for different target audiences in digital environment leads to forming network structure of communication which comprises communications 'organization — consumers', 'organization — innovators and authority figures', interpersonal communications.

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