

STRATEGIES FOR IMPLEMENTATION OF AFFILIATE-PROJECTS IN MARKETING ACTIVITY

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Abstract. The article deals with the problematic aspects of the transforming forms and methods of marketing activity; new opportunities for the implementation of global network multichannel personalized interactions in the virtual environment; the peculiarities of the determinants of modern inter-organizational interactions; the personalized approach to the formation of effective partner networks within the framework of the company's overall marketing strategy.

Keywords: Affiliate Marketing, Affiliate-Networks, digital marketing tools.

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Introduction

As a result of continuous global changes in the field of information technologies, modern exponential tendencies of their development, the views on forms and mechanisms of interaction in the process of management of marketing activities are transformed, in particular, the problem of choosing the most adequate and effective tools of personalized interaction of enterprises within the framework of collaborative partner programs functioning.

The rapid development of the global Internet network initiates the need for revolutionary transformations in the field of organization and conduct of commercial activities, both in the field of external relations between companies, their partners and clients, and the internal structure of enterprises themselves.

The transformation of enterprises from vertically integrated organizations, aimed at optimizing internal functions, into more mobile systems based on basic competence, highlights the task of using modern technologies for efficient management of complex partner ecosystems.

Trends of structural changes in the channels of attracting visitors

Between 2000 and 2017, the proportion of Internet users increased more than sevenfold - from 6.5 to 48 percent of the world's population, reaching 3.6 billion by the end of 2016. Internet penetration in Europe reached 75% in the Northern and South America - 66%, in the countries of the Asia-Pacific region - 45%, in Africa, almost 20% (*Digital Marketing Landscape, 2016*).

If 20 years ago only 1% of Ukrainians used the Internet, now this number is 62%. (Figure 1), which is more than 20 million. About 90% of Internet users actively use at least

one social network. The most popular social networks for Ukrainians are Classmates (50%), Facebook (38.3%), Google+ (33.4%).

In Ukraine, the penetration of smartphones is 28%, with the average annual percentage increase in the number of smartphones reaches 38%. So in 2016, 37% of all traffic in Ukraine was created from mobile devices - smartphones and tablets (Fig. 2). And from quarter to quarter, Google sees mobile traffic growth of 15%.

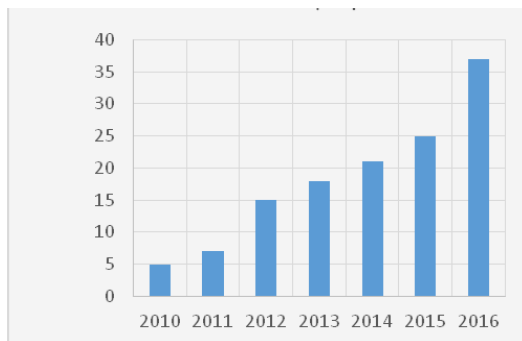
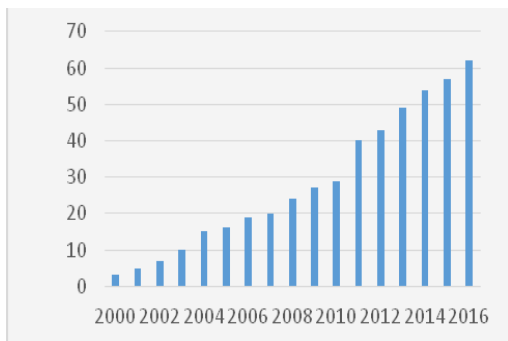


Fig. 1. Dynamics of Internet coverage **Fig. 2. Dynamics of mobile traffic in Ukraine**

The exponential growth rates of the global and Ukrainian mobile technology market lead to cross-platform connectivity on the Internet, structural changes in the channels of attracting visitors or traffic to the company's website, transforming forms and methods of marketing activity, and opening new opportunities for the implementation of global network multichannel personalized interactions in the virtual environment.

In the conditions of changing the technological basis in the direction of mobility and sociality, there is a transition to the next evolutionary phase of the development of not only classical marketing, but also Internet marketing - digital marketing (digital marketing) that allows personally interact with target market segments in the virtual and real environment on based on modern digital channels and digital techniques.

In turn, new determinants of market development require new approaches and methods for implementing interactive network interaction opportunities that significantly transforms the traditional marketing mix. The marketing complex is interpreted by researchers as a set of controlled variable marketing factors that are used for the purpose of inducing the desired response from the target market.

An essential characteristic of the information economy is the radical change in the distribution of productive forces of society, the ratio of sectors of material and information production, structural changes in the transition to the economy of services, the economy of services. So in 1900, in the United States, the ratio of the sectors of the sphere of production and services was 2.6: 1, which covered 13 million and 5 million of the employed US population. In 1980, the priorities significantly changed - 1: 2 (35 and 65 million respectively); in 2000 there was a further deepening - 1: 5; in 2015 - 1:12 (*Chaikowska, 2015: 52-54*).

The evolution of communications in the digital era

The evolution of marketing concepts rests on the specifics of the service as a commodity, its indifference, inseparability from the source, the variability of quality, the integral analysis of the service process at all its stages and the specific nature of the material environment in which this process takes place.

So J. McCarthy, in his "4P" model, considered a set of tools that a company could use to improve its competitiveness. Changing the characteristics of the product, setting the appropriate price, organizing sales and promotion, it tries to best meet the needs of target markets. J. T. Russell focused on delivering goods, adding to the model the dimension of packaging and design - Packaging (model "5P"), F. Kotler expands the analysis of market characteristics of the product in the model "6P". B. Bums and J. Bitner supplemented the model with a set of factors that are most characteristic of the sphere of services with its intangible specificity and significance of the processes of interaction: People, Process, Appropriate physical attributes (model "7P") (*Booms, and Bitner, 1981*).

J. Elwood began to take into account in the model of elements of branding (environment, corporate style). L. Tweedy - the need for dynamic coordination of these interactions (Tempe-Pace). K. Lovelock adds additional "4P", which applies only to the marketing services: material environment, process, personnel, as well as performance factors and quality criteria (model "8") (*Lovelock, Wirtz, 2010*).

S. Godin in the "12P" model deepens the analysis of the channels of interaction and information transfer in the global environment: (Permission, Paradigm, Pass along, Practice) (*Godin, 2012*).

Researchers from the Swedish, Finnish, and Norwegian schools (R. Rutmell, P. Eigley and E. Langeraire, C. Grenrus (Nordic School, Gronroos, 2000) have proven that an interactive marketing strategy aimed at improving the efficiency of the interaction process between the consumer and the service provider, as the most relevant to the main task of general marketing - the creation and maintenance of quality standards of service (*Parasuraman, Zeithaml, Berry, 2004*).

Oponents of this approach (*Lauterborn, 2005; Bhalla, 2011; Otlakan, 2005*) note that the elements added do not characterize the whole complex of marketing, and individual factors that affect marketing activities and require a priori consideration. The change in the research vector from product orientation to client orientation, the need to first create convenience for the buyer declares Bob Loteborne in the model "4C" - (Customer value, needs and wants, Cost, Sonic, Communication) (*Lauterborn, 2005*).

A. Shromnik in the model "4D" (*Bhalla, 2011*) develops the problems of interaction with the client through differentiation based on the analysis of data of the client base (Data base management, Strategic design, Direct marketing, Differentiation), formed through the application of client-oriented strategy and relevant information systems (CRM-systems).

Problems of increasing the efficiency of communication in the digital era were investigated by Ch. Dev and D. Schultz, suggesting a model of SIVA that reflects the perception of consumers of the elements of the classical model "4P" (Solution, Information, Value, Access - Solution, Information, Value, Access), emphasizes the importance managing the process of converting data into information that is personalized, relevant and relevant to a particular consumer.

O. Otlakan in the integral model "2P + 2C + 3S" analyzes the problems of personalization based on the means of informatization (use of sites), in particular, the security

and privacy of information, to stimulate sales (Personalization, Privacy, Customer Service, Community, Site, Security, Sales Promotion) (*Otlacan, 2005*).

Features of changes in the forms and methods of marketing activity in the conditions of society's information were investigated by D. Bell, K. Wertheim, M. Zuev, O. Karpishchenko, M. Oklander, Dzh. Rait, J. Falgoni. Adam Kapel emphasizes the importance and complexity of the operational organization of interaction in real time. V. Katkalo, S. Kusch, S. Parinova, M. Rummyantsev, O. Tretyak, V. Dementiev, M. Sheresheva, S. Sokolenko, V. Geets, A. Moki determined the importance of inter-organizational associations in innovative processes. S. Kusch treats inter-organizational networks as the most complicated form of marketing of the relationship of time (*Oklander, 2017*).

Zozulov O.V., Shaban K.S. Investigating the evolution of approaches to managing inter-organizational interactions, they proposed their own variant of defining the term inter-organizational unions as an "emergent system that arises in the process of market co-operation of economic entities as a result of the desire of participants to use each other's competitive advantages and resources to create a market-demanded product" (*Zozulov, 2015: 56*).

In our opinion, the new marketing paradigm involves strengthening competitiveness through the use of information sharing strategy as part of interactive collaboration.

The dynamism of the development of digital marketing tools, the peculiarities of the determinants of modern inter-organizational interactions, the personalized approach to the formation of effective partner networks within the framework of the company's overall marketing strategy necessitate more in-depth research in this direction.

The relevance of the research topic is aggravated by factors such as:

- decrease in the effectiveness of traditional instruments (external, in the media, television, radio, SEO, banner advertising, contextual advertising, etc.);
- increased competition and diversification of business models on the Internet;
- increase marketing costs for mobile communication channels;
- requirements for increasing the financial results of campaigns.

Reducing the popularity of marketing on stationary computers highlights the promising method of digital marketing - mobile marketing. Of the 7.5 billion planet population, over 5 billion use at least one mobile device (*Digital Marketing Landscape, 2016*).

Analysts predict revenue growth from mobile applications by 2017 in the US and Germany - by 3.5 times, in the UK and Brazil - by 3.2 times, in France - by 3 times, in Canada - by 2.2 times, in Japan - in 1.8 times and in South Korea - in 1.5 times. In 2015, revenue from in-app advertising sales increased by 93%. The cost of mobile communication channels in standard marketing campaigns is 5-10% of the budget of the event, the response can reach up to 80-90% (*Chaikovska, 2016*).

However, according to statistics, 54% of application revenue accounted for 2% of all developers, due not so much to technological, but rather to the problems associated with the lack of unified standards of interaction and strategy; interplatform communications.

A competently planned and implemented strategy allows you to attract a large number of interested audiences and begin to effectively monetize it.

Interacting with customers is an equally important aspect of digital marketing rather than attracting customers.

Digital marketing, as a set of promotion tools that involves digital channels in order to attract potential customers and retain them as consumers, by itself means involving an audience in an online environment using offline channels and based on the following principles:

- content-oriented (Web 2.0 allows users to participate actively in the generation of content);
- comprehensive analytics (analytics of potential clients, traffic, actions of competitors);
- social and bilateral communication with the client;
- technical equipment (multi-channel interaction);
- partnership (unions with online business and offline business).

In the context of reducing the advertising budgets of the crisis period, the need to form effective partner networks within the framework of the company's overall marketing strategy in the direction of using innovative management concepts and technological tools is a priority.

The main tools of digital marketing can be different specifics, scope, efficiency, risks.

Table 1 provides a comparative description of the models for evaluating the effectiveness of digital marketing tools.

Table 1

Models for assessing the effectiveness of digital marketing tools

Model	Advantages	Risks	Indexes
Marketing model CR	<ul style="list-style-type: none"> - cost optimization; - conversion cost (CPx) becomes smaller with increasing conversion percentages, and the advertiser company receives more for the same money; - the model is easy to calculate; 	<ul style="list-style-type: none"> - assumes that all conversions are equivalent; - there is no direct correlation between the decrease in CPx and the increase in short-term ROI; 	$CR = L / K$ where K is a number of site visitors, L - Visitors who completed the target (% conv) (CPx).
Conceptual market model LTV	<ul style="list-style-type: none"> - defines real ROI; - gives a marginal rational value for assessing the maximum possible cost of the client when buying it; - characteristic for SaaS; - focus on customer profits (targeting, segmentation, loyalty, personification); - gives predictive values; - in the medium term, increase the profitability of the company; 	<ul style="list-style-type: none"> - complicated in calculation; - requires a fairly accurate forecast of changes in components: (cycle and rebates, gross margin and churn rate); - optimization of the LTV model does not always yield a profit - AccProfit. 	LTV = profit from the client - the costs of attracting and retaining. $LTV = ((T \times AOV) / AGM) \times ALT$, where T - average number of orders; AOV - average check ALT - average duration of interaction AGM is a share of profits.
Financial Model ROI	<ul style="list-style-type: none"> - takes into account both cost and revenue parts; - easy to calculate; - determines the general level of returns of investments; - estimates the return on investment in marketing 	<ul style="list-style-type: none"> - does not take into account the margin; - unstable; - limited range of applications - does not take into account the forecast of the reaction of the consumer. 	$ROI \text{ (Index)} = \text{Profit-} / \text{Investments}$

Indicators of CR, ROI and LTV are key indicators of the effectiveness of the use of tools in digital Internet marketing.

Conversion (CR conversion rate) - the ratio of the number of users came to the site to the number of users who made the target action.

ROI (Return on investment) is a financial coefficient that shows the level of profitability or loss-making business, the level of return on investment.

LTV (Life Tame Value) or CLV (Customer Lifetime Value) - the company's total revenue is obtained from a single customer for all time working with him.

It is no coincidence that the evolution of both the traditional concept of marketing mix and the standards of functionality of corporate information systems (KIS) due to the needs of modern enterprises to adapt to the dynamic requirements of highly competitive markets, focuses on the formation of partnerships and networks.

The direction of evolution of marketing mix (People, Perception, Precedents, Physical Evidence, Permission, Pass along) and standards (KIS: MRP, MRPII, ERP, EAM, CRM, SCM, PLM, ERPII) is characterized not only by changes in the functional load, but also interactivity within networks.

The choice of model depends on the strategic goals of the enterprise (marketing, financial, market), from the general strategy of promotion, from the strategy of monetization used.

Need and depth of forecasting levels, complexity and non-standard calculations, the requirements of efficiency and accuracy of results, budget constraints, applied analytical tools, complexity and integrity of interorganizational interactions are taken into account by factors in the model of the choice of performance indicators.

In a network economy it is rather difficult to develop a unified system of indicators that fully reflects all the interaction of the company and the value created by them.

Affiliate marketing as a promising direction for the development of digital marketing

In today's marketing, key determinants gaining synergy for each of the counterparties are partnerships, networks and interactions within the framework of interactive collaborative collaboration.

In this regard, the affiliate marketing is a promising area for the development of digital marketing.

According to Forrester Research LinkShare, the Affiliate marketplace shows an annual growth rate of 17% (study period 2011-2016), predicts a further annual growth of the market by more than 20%, by 2020, the US market will reach \$ 6.8 billion. Research argues that customers spend more money through affiliate channels than average Internet purchasers (*Chaikovska, 2016*).

Affiliate Marketing should be considered as a method of promoting goods and services, as a digital version of the franchise, as an electronic joint venture.

Affiliate Marketing defines as a method of promoting business online (partner webmasters / affiliates), in which the partner receives rewards for each visitor, subscriber, buyer and / or sales made through his efforts.

Affiliate Marketing allows you to attract a target customer at a lower cost than other internet advertising or offline promotions within a short period of time.

The growth of the flow of potential consumers and traffic requires the search for new approaches to the organization of Affiliate-Networks in order to enable forecasting budget and sales, reducing the cost of customer involvement.

Affiliate marketing risks are reduced by a reasonable choice of project implementation options: In-House Management, Network Management (Outsourced Program Managers Network Management).

The effectiveness and long-term functioning of the Affiliate program depends not only on the adequate choice of the appropriate type of program and the management of the Affiliate-project, but also on partner recruiting taking into account the features of the project category: Affiliate Affiliation, Unaffiliated Affiliation; Multilevel partners affiliated.

Affiliate-Networks are relatively new tools used by most large companies that can afford to keep an affiliate program and also have sufficient capacity to handle incoming requests received from partners.

Recommendations for setting up, setting up and running a campaign that promotes the effectiveness and implementation of the Affiliate project:

- 1) use of several networks at the initial stage of the project, which allows to reach the maximum number of potential users and partners, compare different sources of traffic;
- 2) interaction with the maximum number of networks available controls;
- 3) regular monitoring and analysis of network traffic and its sources;
- 4) estimate the quality of traffic for each channel;
- 5) availability of an analytical daily limit (daily cap) for each source;
- 6) the exclusion of sources of motivated traffic;
- 7) taking into account the time for "routing" traffic.

The effectiveness of marketing activities depends largely on choosing an effective and correct tool or a set of promotion tools. It is the tool that determines where a potential buyer comes from and how likely it is that he will make the action we need.

Conclusions and Suggestions

Realization of projects of Affiliate-marketing allows: to achieve significant results, due to the breadth and depth of reach of potential audience; predict sales growth; plan budgets for promotion and tune it to your power.

This type of partnership can generate up to 20% of the total revenue of companies, giving the company the opportunity to work with the best partners in their class in each region, more likely to increase market share, search for new international clients.

The success of Affiliate-marketing projects is a multi-criteria issue, consistent with the strategic goals of the enterprise.

The project management of Affiliate Marketing includes low current and long-term tasks related to the features of the affiliate networks themselves, program categories, selection of appropriate implementation options and analytics tools, recruiting patterns, team management, etc.

Information support of marketing activities, which is competently organized on the basis of a systematic approach to the client with the use of modern information technology tools, is one of the most important concepts of achieving firm competitive advantages, ensuring achievement of the market purpose of functioning in the modern environment.

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