

Joint Conference: 20th PCSF and 12th CSIS-2020
20th conference Professional Culture of the Specialist of the Future
12th conference Communicative Strategies of Information Society

MARKETING COMMUNICATION AND INTERACTION
SYSTEMS FOR SMALL BUSINESSES

Evgeniya V. Kazanskaya (a)*, Valeriy V. Kotelnikov (b)
*Corresponding author

(a) Rostov State University of Economics, 69, Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russia,
jenni.kot@yandex.ru

(b) Rostov State University of Economics, 69, Bolshaya Sadovaya street, Rostov-on-Don, 344002, Russia,
kotvvl.kot@yandex.ru

Abstract

The paper is devoted to the study of small businesses marketing strategy in the building insulation services market. Responsible marketing of a small business should contribute to the creation of a number of new market segments and the formation of positive trends in service consumption. The strategy of marketing communications of a small enterprise in the field of insulation services assumes that all participants in the process of insulation perceive certain mutual benefits. A number of factors of the marketing system and the interaction of market parties are of scientific interest. The authors have identified a trend in the development of demand for insulation in various regions of Russia. The research was carried out in accordance with the methodology that allows small and medium-sized enterprises in the Russian Federation to use the results of the research in the processes of forecasting, forming and developing regional markets for building insulation. Socially responsible marketing uses mutual interest of the market parties, advertising on the Internet and social networks, Hunt's recognition ladder, while constantly evaluating the effectiveness of marketing activities. This requires effective advertising, an adequate situational choice of marketing communication tools and a method for evaluating the effectiveness of marketing activities. Based on the research data, the company selected a comprehensive marketing strategy, which allowed creating new market segments in various regions of the Russian Federation.

2357-1330 © 2020 Published by European Publisher.

Keywords: Hunt's ladder, marketing, small enterprise, strategy.



1. Introduction

The popularity of energy-efficient technologies among consumers with a constant increase in energy tariffs is explained by the desire to reduce significantly the cost of utilities, since after insulation, heating and air conditioning costs are reduced by an average of 50 %. According to expert estimates, the payback period for the insulation of residential buildings at the current gas price will be about two to three years. Violation of heat engineering standards, unjustified change in the frequency of reconstruction and major repairs has led to the rapid growth of the insulation services sector by private businesses.

The demand for such services is constantly growing, already amounting to a significant number. In 2020 over the past 12 months, more than 4,669,700 requests on the topic of "Insulation" were recorded. Recently formed Russian market of insulation services is mainly represented by small enterprises. Under these conditions, the basis for successful promotion of small businesses to achieve their goals, creating stronger relationships with consumers is the analysis of the experience of choosing an effective marketing strategy to find and attract the target audience.

2. Problem Statement

In modern conditions, constant marketing research is needed to understand the behavior and preferences of consumers and competitors in the specifics of the market economy (Homburg et al., 2009). Strategic marketing (Baker, 2000; Feedough, n.d.; Luenendonk, 2019) of small enterprises as a service market planning consists in determining the policy of improving the economic position of the enterprise in a competitive environment. Marketing communications are considered as a process of transmitting information to the target audience that updates all the components of this connection.

Firms communicate with their clients through advertising, promotion, personal sales, and sales promotion. The development of a strategy for such communications for small enterprises engaged in building insulation, considered as a long-term, long-term approach with the goal of achieving a sustainable competitive advantage, is now becoming crucial (Homburg et al., 2009).

3. Research Questions

3.1. A study of marketing communication of a small business

In the commercial environment, a fairly complete account of various changes and innovations is provided by the implementation of extended models of marketing connection of nP factors in the service sector (Insulation works ..., n.d.), which must be constantly taken into account. These include: product; price; place available to the consumer; promotion-advertising, sales promotion, various ways of communicating with customers; people who provide services to the consumer; political power and public opinion that regulate the market; directly consumers; process and physical evidence of quality etc. (Homburg et al., 2009; Kotelnokova et al., 2017).

Small enterprise LLC "Insulation Service" (Kotelnikov, 2019), offering market services of innovative methods of insulation of structures and is at the stage of formation and development of the enterprise. According to legal criteria, criteria for the number of employees and criteria for income in 2020 ("Small business...", 2020; Ansoff Matrix, 2019; Ten main metrics, n.d.) the company belongs to

small and medium-sized businesses (SMP), information about which is provided in the unified register of such entities.

Currently, the company's market development strategy is relevant, which involves increasing the total number of services rendered and developing new markets, developing new market segments in existing markets and target segments of consumers to adapt insulation services to their needs. Under these conditions, the marketing strategy is built in such a way that the participants in the insulation process receive certain mutual advantages.

It is an item of interest to clarify a number of issues. What is the optimal strategy for interaction between participants in the building insulation market? How to optimize and make more effective the system of marketing communications for small businesses that provide insulation services?

4. Purpose of the Study

Determining the policy of improving the economic position of an enterprise in a competitive environment is the basis for creating a sustainable competitive advantage. To achieve this research goal, it is necessary to solve interrelated cognitive-qualitative and quantitative issues, including the following research tasks:

- Research of optimal interaction of market participants and system of marketing communications of small enterprises providing services of insulation of structures.
- Development of a marketing communications strategy for small businesses engaged in building insulation.
- Evaluating the effectiveness of marketing communications.

5. Research Methods

5.1. Methodological settings for this study

A number of tasks set in the study suggest the need to use a comprehensive methodology in solving research problems:

- Value analysis of customers (customer value analysis).
- Value analysis of competitors' offers and the quality of competitive market services.
- Analysis of the company's interactions with partners and customers.

Quantitative method for evaluating the effectiveness of a marketing communications system.

6. Findings

6.1. Value analysis of the customer base of a small enterprise in the market of structures insulation

According to customer value analysis the majority of its clients are individuals or legal entities that own used or under construction real estate. We have identified the most important benefits and benefits for such clients. This clientele wants to create comfortable temperature conditions in residential premises in the cold and warm season, reduce the cost of heating and air conditioning, provide the necessary

temperature regime in industrial premises and storage facilities, get rid of condensation and mold formation in structures, and reduce the noise level in the premises. For clients, it is important that services are provided directly at the locations of their facilities.

The value analysis also allowed us to determine the features of comparative customer evaluation of various competitors' offers and the quality of services in the competitive insulation market in Russia ("High-Quality wall...", 2020; "Insulation work...", 2020; "Insulation works...", n.d.). The analysis shows that the majority presented on the market of heaters are slab and rolled with a number of shortcomings before seamless; most contractors form a team of builders or companies that perform construction work and does not specialize in heat that negatively affects the quality of work performed. Contractors working with seamless insulation are often unqualified and do not have a deep understanding of the physical processes in the structures, which often leads to production defects. Most market players do not have built-in business processes, marketing and sales departments. The market for innovative insulation services is in its infancy, as evidenced by a significant number of contractors in the regions.

6.2. Features of the company's interaction with partners and clients. Marketing communication systems and advertising

In these conditions, the marketing strategy is built in such a way that the participants in the insulation process receive certain mutual advantages: calculation of heat loss through thermal calculations, calculation of the dew point in structures, correct selection of insulation, calculation of the payback of insulation, preliminary preparation of estimates of necessary works, high-quality insulation service, quality control of the work performed through a thermal imager survey; partners (franchising) training in the latest technologies in insulation, workload of ready-made orders "turnkey" from a professional sales Department, net profit of 30-35 % of gross turnover, supply of equipment that has no analogues, supply of high-quality materials and components at prices below market; insulation service-profit from the sale of franchises, profit from the sale of equipment, profit from the sale of materials and components, profit from the sale of work orders.

This model should be equipped with an effective communication system that has complete information about the socio-economic and psychological characteristics of clients and solves a set of tasks related to identifying the target audience; drawing up an appeal to it; collecting information on the response received about it regarding the degree of its purchasing power, desire for further cooperation, etc. Advertising is usually considered as the basis for creating a complex of marketing communications. It is a market tool that distributes information about a service initially to an indefinite number of potential consumers in order to prefer this service to all others, forming and maintaining interest in the enterprise, and contributing to the implementation of the offered service (Wells, 2009).

Advertising creates in consumers a certain level of knowledge about the service, positive attitude, prompting user again and again to contact the firm, to purchase its services, making consumer loyalty services, stimulating the acceleration of sales services. Advantages of advertising: the presence of many different media and selecting the most appropriate for specific target segments, attract a large audience with a high likelihood of finding potential consumer, reasonable price advertising contact, the presence of feedback the ability to change the content and form of advertising, the type, frequency and schedule of its release, adjustment reaction on the part of consumers.

Advertising must be non-standard, flexible and concise enough, largely take into account the individual needs of customers and do not require significant costs, which are common requirements for various means of communication, despite some specific features that nevertheless need to be taken into account. An advertising company consists of a number of advertising events that are subordinate to a single goal and complement each other for a certain period of time. After the development of the annual budget the advertising campaign planning is carried out, which, unfortunately, is not always justified in an unstable economy, unstable laws and taxes.

The purpose of funds, advertising distribution channels and the optimal schedule for their use, as well as the content of text advertising clips, video messages is determined by the specifics of the insulation service, target segments and markets, the availability of necessary financial resources from the experience of previously conducted advertising campaigns, and the suitability of specific advertising tools for promoting the service.

The result of commercial value is brought by systematic advertising work. Repeated weekly contact is considered optimal. Restriction of advertising of requirements when selecting the channels of advertisement services agencies and related adjustments to the initial plan of the advertising campaign is due to present the budget of the enterprise to increase sales, maintaining a commitment to customer service businesses also use sales promotion services (Komissarov, 2017).

6.3. Marketing strategies based on Hunt's recognition ladder

Hunt's recognition ladder provides insight into the levels of awareness and relevant actions of the client on the way to purchasing the service. This process is divided into the following stages: no problem, the problem is not obvious, the problem is formulated, decision making, selection of a particular service, the choice of the enterprise providing the service, the service acquisition. For each stage, the information offered to the reader must correspond to their interests, be useful content, and present expert opinions that inspire the confidence of customers. Updating Hunt's (2012) ladder together with customer relationship management (CRM) and advertising makes it possible to get an adequate idea of the target audience, which determines the choice of an effective marketing strategy and the use of appropriate content and staff behavior that neutralizes consumer apathy.

The awareness ladder is used in a marketing strategy both for creating a rating strategy, and for writing content or creating a landing frame structure, segmenting the target audience based on product awareness. It is considered as the basis for studying various aspects of business: the type of services, their features and advantages, competitors, creating user stories, forming the landing page concept, working out the structure, blocks and navigation, and is used in all promotion channels, both online and offline. Communication tasks in accordance with the stages of Hunt's ladder are determined by the client's problems and, without repeating the previous information, are consistently linked to the final stage (Vibert, 2004).

6.4. Means of communication and marketing strategies

To build strong relationships with customers, you need the right marketing strategy and appropriate communication channels. CRM databases are of particular importance for analyzing customer behavior. They allow us to study behavioral factors, repeat purchase intentions, loyalty to intentions to

provide positive recommendations, and protect the brand. Databases help in market segmentation, developing loyalty segments to develop personalized marketing strategies on a case-by-case basis. The creation and use of CRM is applied jointly and based on Hunt's awareness ladder (Kotelnikov, 2019).

Marketing strategies are directly related to their implementation channels, which are considered as a means of communication with the target market's customers. Both traditional channels and digital marketing channels are used. From the variety of options, it is important to focus on choosing the most effective ones that confidently attract the attention of the target audience and most contribute to the success of content in the service market.

The choice of advertising means is interpreted by the boundaries of the necessary geographical coverage of consumers, the form of submission of material that can potentially reach a group of prospective buyers, and the specified frequency. We should take into account the popularity of the channels used, as well as the maximum possible coverage of all target groups of possible clients. Due to increased market segmentation and corresponding communication channels; low-cost solution of marketing tasks in new markets. The traditional schemes often lose their effectiveness due to Internet influence, changes in consumer psychology seeking to interactive communication with the manufacturer, to a fuller awareness of its activities, considering the consumption of self-sufficient activity; consumer choice of behavior support contacts both before and after purchase (Bogel & Upham, 2018).

6.5. Selection of marketing communication tools and performance evaluation

The criterion for selecting advertising tools that correspond to the nature of the advertising message is the level of maximum coverage of the target audience, with the minimum cost of advertising (Baker, 2000). The effectiveness of marketing communications is determined by comparing the goals set with the results achieved, that is, the effect obtained from conducting communications, correlated with the total amount of the corresponding financial costs.

Currently, there is no single way to determine the economic efficiency of marketing (Anfinogenova, 2012; "Effectiveness of marketing...", 2020). To quantify the effectiveness of marketing communications, we should compare marketing costs with the profit gross of the investment company and financial investments in advertising to sales volume. The effectiveness of marketing activities of a small enterprise (profitability index) after the implementation of marketing activities can be considered an assessment of the ratio of total profit in each estimated period of time with the total cost of implementing this activity. A marketing strategy is effective if the return index exceeds the capital bet. The cost of advertising distribution can be taken as the cost of one advertising contact with the client. The method of correlation between sales volumes (revenue) and total cash expenditures when using the marketing event complex is used as the main method for reliable assessment of the actual economic efficiency of marketing communications.

The correlation between total sales and marketing communications costs reflects economic performance as a function of time. When tracking incoming information to determine overall performance, it is calculated for the time when sales volume returns to its previous level after the marketing communications package is implemented. At this point, costs and revenue are mutually balanced when the latter decreases. Such estimates can be used in the process of planning a marketing campaign, when its effectiveness is predicted based on: an experiment with a trial investment of a share

of the total amount of funds, divided in turn into parts. If there are several alternative options, this helps to clarify the way to update the ad message and evaluate the expected effectiveness by selecting the most preferred ones.

In General, it is possible to use an information method for evaluating the effectiveness of marketing communications on the Internet based on the Bitrex 24 platform to collect marketing information, monitor the processes of working with consumers, and generally automate the quality of staff work. Evaluation of the economic efficiency of communications should be carried out constantly both during the advertising campaign and at the planning stage, with constant optimization of marketing communication channels (Tomse & Snoj, 2014).

7. Conclusion

Selected for the enterprise as a result of studies of socially responsible integrated marketing a small enterprise-based contextual online advertising, social media, CRM and Hunt's ladder of recognition that uses the mutual interest of the parties, allows the development of positive trends in the consumption of services and thus the creation of a number of new market segments for innovative insulation structures in the Russian Federation. As a result, the following performance indicators were achieved for the period from 01.05.2019 to 31.10.2019:

- The sales and marketing Department processed 7664 requests and 437 insulated objects. As of March 2020, there were 2,184 transactions in operation, which indicates that the company has successfully advanced towards achieving its commercial goals.
- New market segments have been created in the territories of Moscow, Astrakhan, Voronezh, Ryazan, Rostov, Lipetsk, Tyumen, the Republic of Kalmykia, Tambov, Sverdlovsk, Tula, Kurgan and Krasnodar regions.
- The results of the research may be useful for various small businesses in Russia when choosing marketing strategies and conditions for interaction between market participants.

References

- Anfinogenova, E. V. (2012). Metody ocenki effektivnosti marketingovyh meropriyatiy [Methods of evaluating the effectiveness of marketing activities] In *proceedings of the 1st International Conference. Scientific Conf. (Saint Petersburg, April 2012), Problems and prospects of Economics and management* (pp. 147-149). Renome Publ. [in Rus.].
- Ansoff Matrix (2019). <https://www.onstrategyhq.com/resources/how-to-choose-a-market-development-strategy/>
- Baker, J. M. (2000). *The Strategic Marketing Plan Audit: a detailed top management review of every aspect of your company's marketing strategy*. Campridge Strategy Publ.
- Bogel, P. M., & Upham, P. (2018). Role of psychology in sociotechnical transitions studies: Review in relation to consumption and technology acceptance. *Environmental Innovation and Societal Transitions*, 28, 122-136.
- Effectiveness of marketing activities (2020, February 17). *Commercial Director*. <https://www.kom-dir.ru/article/2286-effektivnost-marketingovyh-meropriyatiy>
- Feedough. (n.d.). *Business models and startup channels*. <https://www.feedough.com>
- High-Quality wall insulation in Rostov-on-Don (2020). <https://www.rostov-na-donu.miltor.ru/uslugi-i-deyatelnost/stroitelnie-i-remontnie-uslugi/otdelochnie-raboti/uteplenie-sten/>

- Homburg, C., Kuester, S., & Krohmer H. (2009). Marketing Management: A Contemporary Perspective. *Controlling & Management*, 53(4), 262-263.
- Hunt, B. (2012). *Konversiya sayta: prevrashchayem posetiteley v pokupateley* [Conversion: turning users into buyers]. Piter Publ. [in Rus.]
- Insulation work, insulation. (2020). [https:// www.rostov.pulscen.ru/price/180705-teploizoljacionnye-raboty](https://www.rostov.pulscen.ru/price/180705-teploizoljacionnye-raboty)
- Insulation works in the Rostov region (n.d.). <https://rostovskaya-oblast.promindex.ru/catalog/teploizolyacionnie-raboti-uteplenie-289>
- Komissarov, K. (2017, February 22). Evolutcia marketinga. Aktualniy marketing [Evolution of marketing]. *Actual marketing*. [https:// https://www.actualmarketing.ru/marketing/evolyutsiya-marketinga/](https://www.actualmarketing.ru/marketing/evolyutsiya-marketinga/)
- Kotelnikov, V. V. (2019). Problemy i perspektivy razvitiya rynka uslug innovatsionnogo utepleniya sooruzheniy [Problems and prospects of development of the market of services for innovative insulation of buildings]. In *Proceedings of the International Scientific and Practical Conference on December 6, 2019. Modern architecture of the world economy (4I'S): investment, innovation, industry, integration* (pp. 278-283). Publishing and printing complex RSUE (RINH). [in Rus.]
- Kotelnokova, E. V., Evsukova, T. V., Evdokimova, N. V., & Germasheva, T. M. (2017). Innovation and its Representation in Discourse. *European Research Studies*, XX(1), 319-336.
- Luenendonk, M. (2019, September 23). Global marketing: strategies, definition, problems, examples. <https://www.cleverism.com/global-marketing-strategies>
- Small business: classification criteria (2020, January 23). [https://: www.glavkniga.ru/situations/k505648](https://www.glavkniga.ru/situations/k505648)
- Ten main metrics for marketplace in an accessible language (n.d.). <https://www.ru.wiki.rademade.com/10-marketing-metrics>
- Tomse, D., & Snoj, B. (2014). Marketing communication on social networks: Solution in the times of crisis. *Marketing*, 45(2), 131-138.
- Vibert, C. (2004). *Online Competitive Intelligence Research*. Cengage Learning.
- Wells, P. (2009, July 28). Our universities can be smarter. *Macleans's*. <http://www2.macleans.ca/>