

## **Online ads Opportunities, Challenges and CRM Technologies**

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### **Abstract**

*Investigated the characteristics of online advertising, are analyzed online ads placement methods and researched international experience in this area. Relationship between advertising consumers and producers has been studied. Advantages and challenges of online ads have been explained.*

**Keywords:** online advertising, online-advertising technology, online-advertising market, banner ads, Rich - media, RTB service

### **1. Introduction**

In contrast to the other media channels Internet incorporates a wider audience in modern era. Urgency of socio-economic, socio-political areas on the Internet makes opportunity to act as a channel of competitive information.

Unlike other advertising aids, online-advertising has more opportunities, so it impacts both subconsciously and visually to the consumer. Taking into account wide range of possibilities of the Internet, research of online-advertising, identifying its problems, and providing solutions are the most pressing issues.

Online-advertising - advertisements posted on the Internet, introducing of goods, services, or enterprise to the customer via network. As being a contact between consumer and producer, advertising introduces producer and informs the consumer by promoting commodity.

By increasing the effectiveness of advertising, different models such as consumer involvement is available. With the development of Internet technologies new demands emerge, new outlooks are required by demanding modernity.

The maximum efficiency of the business in accordance with the requirements of the modern era, it's successes on the ads market depends on marketing system. Information is always needed in development and improvement process of market mechanism.

### **2. Objective and Strategy of Advertising in the Condition of Development of the Information Technologies**

The key purpose of the ads - that to attract as many buyers to advertised product as possible. Advertisements are eligible to disseminate information about any product, business, non-profit organization or a government department. The announcement highlights the advantages of the products or services offered by the company.

Development of modern advertising strategy is the most important part of the advertising campaign. The essence of advertising strategy is to explain the benefits to the user, role in solving the problem, and to deliver financial or other advantages. Practical or psychological importance of modern advertising strategy is to attract buyer's opinion not to the opposing team's product but to the advertised product. In addition, advertiser should know what the preference is in advertising appeal, which real feature of the product should be highlighted and which type of the audience the ads should be addressed.

Strategy - foremost is the principled decision, and aims to overcome the difficulties which are the obstacles in reaching target. Latest advertising strategies explain the essence of the provided data, advertising idea is presented is interesting and beautifully [2].

There are two main types of advertising creativity in advertising strategy. The first type is called "advertising of rationalism", but second "emotional or projection advertising". Their difference is to persuade the consumer that product is practically and psychologically qualitative.

The emotional advertisement shows all benefits of a product or service to the audience. You must select effective plot for such type of ads. Emotional ads seem more plausible.

Two main types of strategies are used as different news channels. In first case, the text of the ad is major, but in the second case advertising images, music, entertainment, and other effects. Types of mixed strategies are found in modern advertising. So here are the features of both types. Indeed, such advertising is successful because feelings, emotions are communicated with information.

Online conduction of rational strategy for an advertising campaign is organized by following way [3]:

- Context launch of advertising goods and services;
- Site optimization for search engines;
- Launch of banner advertising;
- PR-actions (shares).

### ***3. Classification and Realization Technology of Advertising***

Consumer gets the product by having particular information from company about its quality, as a result meets the need for qualitative product. Less popular companies are trying to attract the attention of the audience. Popular companies regularly inform their users with new activities and traditions, the results of ongoing works, and about the extent of customers' satisfaction. It is also necessary to create incentives on customer to make often purchases from this company. As a last phase of the effective communication buyer should get the product. For example of such incentives may be limited time period, the existing price or the awards while purchasing and sent messages about new discounts.

During multi-stage advertising campaign the ads can be displayed on a single. Advertising and its progress up to the consumer should pass several stages [4]:

- The need for the product;
- Information about the trade mark;
- Attitude of the trade mark;
- The desire to buy a certain brand of product;
- Facilitate the acquisition.

The most important element of marketing communications is advertising and promotion of sale. R. Rossiter and L. Persini propose conceptual approach to the differences between advertising communications and promotion of sale. [5].

Advertising is carried out by means of variable communications, including the traditional ones: separately published, introduced in newspapers and magazines, radio, television, demonstrated in exhibitions, and fairs reflected on souvenirs, direct mail advertising, and ads of public relations.

Online advertising can significantly enhance the effectiveness of marketing communications. In order to manage marketing communications of the enterprise it is necessary to properly prepare their complex. Thus, it is advisable to choose the five key elements of the complex and appropriate means. Like other forms of means, online advertising can draw all types of marketing communications.

### ***4. Analysis of the Features of Online- Advertising Technologies***

The recipient tries to get information on product by writing its name on the different search sites. Of course, the greater the possibility to apply in the first ten sites, the decreasing the probability of transition to the next page. There are many following ways to carry out this process.

***SEO and search optimization.*** SEO (search engine optimization) or website optimization – provides forefront while searching [11]. When buyer is looking for information about a service or product on search sites, he uses key words then a few site names appear on the screen. Forefront sites must be applied. This method of online advertising is one of the most effective ways to attract customers.

There are a few types of to be appearing in the first page of search results. Some of the steps that must be taken into account in order to achieve outcome, are divided into two parts:

- 1) Internal optimization;
- 2) External optimization.

Internal optimization includes work with customer, site structure, and links.

External optimization is the increasing of link number. This process has been ranged by means of all search engines. Ranging is definition of the line and response for user in search system according to rank, authority, or eligibility.

By learning ranging mechanism many questions can be responded. For example, two similar- search site on the same topic; one in the front at the top, and the other is located on the third page. Usually, all the sites are indexed by search engines. Each search system conducts a search according its principles. The difference is that in fact, sites lies in different places in different search systems. In case your site is trusted by the search systems, changing the algorithm will not change its position. It plays a key role in the internal and external ranging. Ranging is based on site relevance. Each search system has its own principles for survey adoption. There are two important criteria in establishing compliance with survey of the site [12].

The first criterion is ranged for the content. Eligibility will be placed on the lexical-semantic analysis of the text.

The second criterion is a mere formality. This conformity determination of eligibility is based on algorithms of search systems that have been included in the program. The result of evaluation is not stable, has a variable growth. Occasionally, the employees change the system algorithms, in order not to be accessed into the wrong sites through the barrier filters. If your site is trusted by the search systems then the changing of algorithm will not change the location in the list.

Distributed or centralized information processing exists at sales outlets in order to provide customer services. Operational reporting and authorization data storage are managed by means of the analytical sub-system.

**RTB (Real Time Bidding)** – new technology is eligible for organizing auctions of advertising in the field of online advertising in real time. RTB had a major influence for the digital advertising market in the world. RTB is widely used in the USA for being the leading at advertising technology platform. European Union a bit slower accepts RTB but, demand for mobile connectivity is increasing here. RTB helps advertising deploy on the Internet [13].

Advertising network providing RTB service after receiving a request for ad display:

1. Survey is classified according to the maximum number of parameters; data about the user (if enabled), the area which he included, time, target is accepted prior to purchase.
2. Additional data is collected from the base of selected ads mechanism according to the particular criteria.
3. Survey response on user is transmitted to the advertiser and getting share. By means of this share they get opportunity to next display.
4. The highest share is determined among the obtained responses, the next stage is established.
5. Announcement is bought from the winner advertiser and given to the user as a response to the request.

### **5. Legal Aspects of Online Advertising**

Legal aspects of advertising is related to the regulation of ties for presentation of ads in any way written, oral, by describing, and by special means having enough effect. Advertising must comply with the requirements of the relevant legislation and protect the rights of all interested parties.

Though the ad is included into the new space, the traditional law of the ad regulation remains unchanged so far. It can be done in any form, and legislation has no specific exception to the Internet. However, unlike traditional advertising, online advertising scope has a number of specific and technological features. Therefore, the traditional law cannot fully regulate ties in online scope. For example, the anonymity of the Internet has opened the way for a number of controversial advertising and marketing activities. In recent years, many states have made the amendments to the law of advertising on this issue. The purpose is to provide the rights of consumers and to ensure accuracy and transparency in online- advertising.

In the field of creation and dissemination of advertising, three subjects acts: adman, ads promoter and advertisers. Advertiser – is a legal or physical entity that in full or partial form performs ads and implements its distribution. Advertiser is responsible for the design, accuracy of information, and violation of the legislation on advertising. Ads promoter is charged of time, place, and posting of advertising. Online advertising is a part of marketing. There are four basic concepts of market direction in marketing theory. Two of them - concepts of production and product-oriented advertising.

If you have a product with low price and high quality, the company's success is more likely to win. In other words, the concept of these ads is directed to the improvement of the manufacturing process. The other two concepts are sales promotion of the marketing concept of company's products by directing sale. The company continues its higher level policy of selling against opponents by incessantly pursuing market need and demands [10].

Recently, ERP (Enterprise Resources Planning) system is used optimization and automation for the internal workings of the company. The system is applied for improvement of such as processes, planning, production, accounting and control. While application of ERP-systems in company, the customer considers as an "element of the outside world". ERP systems have been designed for to gain a competitive advantage by optimizing internal business processes. CRM (Customer Relationships Management) system is a reflection of the company's focus on customer only. CRM-systems allow the customer "to integrate" into the organization - company obtains the maximum data about its customers and their needs. Organization's strategy is set up based on this data. Organizations' operating aspects include production, advertising, sales, design, and other services. Currently, ERP systems are stable in the world market, but CRM systems are at the development stage. Many companies have already implemented these systems and tend to have a large income. In addition to their integration, organization scan be achieved additional efficiency. Sometimes manufacturers offer CRM systems with the elements of ERP systems.

## **6. *Crm - Customer Relationship Management***

CRM –is a customer relationship management system. Also, corporate information system designed for closer relationship with customers and the development of effective management. One of the most important issues on the CRM-system is to improve level and increase the amount of sales.

Let's consider the reasons for emerging CRM systems. This system attaches importance in terms of solution the numerous vital problems.

**Perfect competition.** As a result of the development of modern technologies, allows the customer to access to any part of the market for small operating expenses. Information asymmetry disappears. Major issue for the company does not lose the customers.

**Multichannel relationships.** The connection between the customer and the company can be implemented in various ways - by phone, fax, web site, email, and personal visit. According to the information obtained from these channels are taken into account by the company during the next treatment.

**Change in the market orientation of companies.** Companies shift production to product concepts, marketing concepts. By using use ERP systems many companies were already achieved at the minimization of expense and quality. Customers are paid more attention to the moments of accompanying purchasing and service.

In addition, it is necessary to take into account that, the development of information and communication technologies plays an important role in shaping CRM-systems. Otherwise, applications forming the basis of CRM-systems and ties between these applications could not be exist.

**CRM-system and its functions.** CRM applications allow seeing the history of the development of relations between the company and customers. Also, allows you to manage sales of customer-oriented focus by establishing a comprehensive online relationship with regular customers. CRM-systems enable to improve relations via customers based on the popular applications.

CRM systems is easily combined with a lot of systems, for example, SFA (Sales Force Automation - automation of commercial agents), SMS (Sales & Marketing System - sales and marketing information), and CSS (Customer Support System - customer service) systems. Comprising the features of these systems, CRM-systems offer new possibilities. Except unit of sales CRM-system have an impact for all units of the company. It is through this system the customer -company feedback has been organized.

## **7. *What is CRM and what are the Functions of the System***

CRM is a collection of interconnected components, first of all, open to all relevant information about the company's customer, having access and exit and data collection affecting the next behavior of the company.

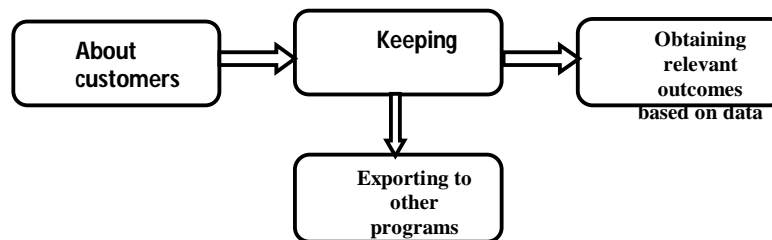
**CTR** (Click-Through Rate - click-rating) – indicator of click

"ctr= click-number / number of demonstrations" are calculated on the formula. For example, if a CTR equals of 2%, then two out of per hundred clicks.

**eCPM** (Effective Cost Per Mille- effective price for thousand demonstration) - demonstrationprice of ads citing for 1000 demonstration or banner block.

"eCPM = profit / Number of the demonstration \* 1000" is calculated by the formula. These indicators are useful for web-creators and advertisers. The owner of the site can place an ad with putting the blocks by maximum CTR and minimum CPM. The advertising customer can withdraw his banner from the site with a low CTR and high CPM. Also, web-creator should know that these measures do not depend on the number of visitors to the site [13].

### Key features of the CRM-system



### 8. Problems can be Solved with the help of CRM

It is important to understand customers and clients for business development. This knowledge is the strategic and tactical key factor for any marketing decision-making [13]:

- What buyers are more affordable and permanent?
- Which direction is better for regular customers?
- Who is the "typical" customer of the company?

To the onset, problem should be divided into several parts. Practically urgent for small and medium businesses, a few parts to be managed and measured:

N-increasing total number of customers, V-assessment the customers by the company for the service as well as reduce the expenses for unfavorable customers, or increase the average size of the receipt, total of per purchase, agreements with the customer.

L-increasing obligation is first of all increasing of reliable customers, and the number of the recipients, or reapply clients and customers to your business.

The goal is directly related to income: if one of these indicators rises above income increases as well [15].

Formula of the success of CRM:  $R = N * V * L$

Here is R = income

N = number of clients

V = clients' evaluation

L = clients' joining

Increase of any indicator on one side of the formula leads to the other side. While the formula is simple, it allows to properly evaluating customers' financial efficiency.

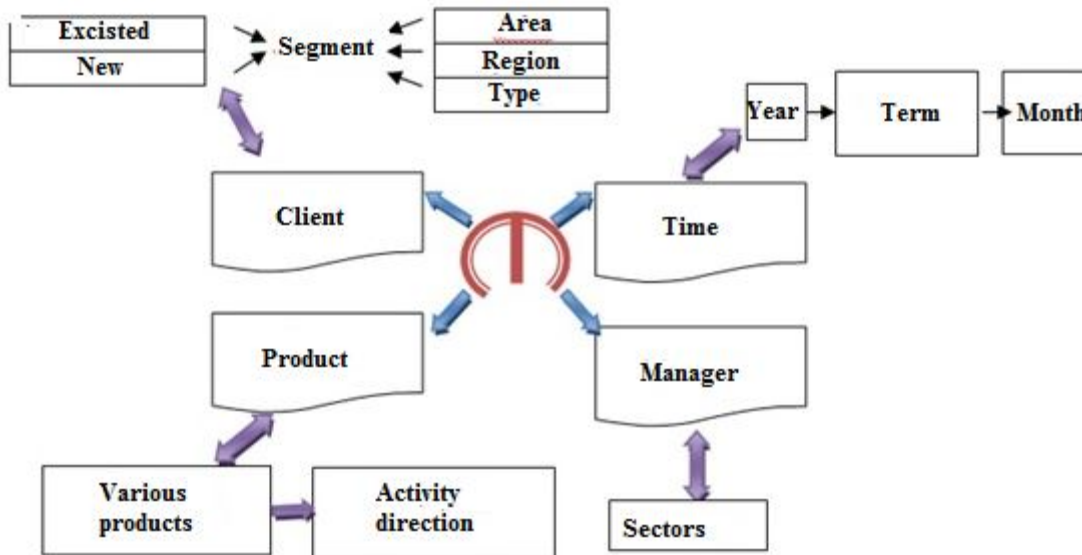
Assessment of clients assists to identify many of problems which relate to business issue. It attaches of great importance in terms of increase and reduction of the incomes and revenues.

### 9. Information Model

Model proposes "circular cash flow" as a financial measurement indicator. Depending on the specific type of business, it could be total income from sales by direct reducing selling expenses. [17].

- According to the incomes "Time" is the first vector in ourtable: II – Quarter-Month
- "Customer" will be the second vector guaranteeing the revenues. Providing cash flow generation of new or existing customers in order to manage business, to analyze the nature of the other customer flow is of great importance. For example: region (Country - Area (Area) - City), business scale, area, etc. When considering the facts and plan, revenue from new customers arouse obstacles in accounting.
- Let’s call "Product" all profits brought by goods and services. There is also alignment passing up from product or product type to the business direction.

Overall appearance of co-ordinate scale appears in this table:



CRM-system –CRM is a manifest of strategy automation [18].

CRM software is implemented in the form of a CRM strategy. It is specialized system designed to automate business processes, procedures and the operations. As the main instrument of keeping customers, CRM applications minimize human factor while working with customers and allows improving the transparency in the spheres of marketing and customer service. Automation the relationship with customers is a very important, but it is not a major step to create a client-oriented company. Software product –is a handy tool that will support the existing rules and processes.

By the development of information technology these programs are renewed, problems are eliminated and meet all requirements.

CRM technologies play an important role in the development of online advertising. Economy growth is directly related to this development.

**10. Conclusion**

The Internet is a global, universal, fast, interactive communication means, huge information and knowledge base. On account of opportunities created by the internet positive qualitative changes are emerged in all spheres of human activity, at the same time, some negatives came to light. There is a favorable environment and all-round resources for online- advertising on the Internet. Besides, solution of a number of technical, economic and legal aspects of online-advertising is important.

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