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How does reputation economy engagement work to develop financial and economic activity?

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Abstract

The article attempts to assess the impact of the reputation economy on the organization on the basis of open data on the reaction and actions of customers in search engines and social networks. Furthermore, there is a correlation and regression analysis between indicators and sales volume. In result, the ability to develop and adapt sales systems from new informational conditions becomes the main tool in the fight for consumers on the Internet. In conclusion, the shares of involvement in the social networks VK and Instagram for Hyundai, Volkswagen and Toyota are the most evenly distributed, while sales are evenly growing.

Keywords: Reputation, Economy, Competitiveness, Influence, Market.

¿Cómo funciona el compromiso de la economía de reputación para desarrollar la actividad financiera y económica?

Resumen

El artículo intenta evaluar el impacto de la economía de reputación en la organización sobre la base de datos abiertos sobre la reacción y las acciones de los clientes en los motores de búsqueda y las redes sociales. Además, existe un análisis de correlación y regresión entre los indicadores y el volumen de ventas. En consecuencia, la capacidad de desarrollar y adaptar sistemas de ventas a partir de nuevas condiciones informativas se convierte en la herramienta principal en la lucha por los consumidores en Internet. En conclusión, las participaciones en las redes sociales VK e Instagram para Hyundai, Volkswagen y Toyota son las más distribuidas de manera uniforme, mientras que las ventas crecen de manera uniforme.

Palabras clave: Reputación, Economía, Competitividad, Influencia, Mercado.

1. INTRODUCTION

In 2015 all popular social networks announced the introduction of special online services for businesses. Marketing specialists of the largest international corporations responded instantly. In 2014, according to the American company Salesforce out of 5 000 marketers surveyed only 9% of the specialists believed that the company's income was related to the use of social media; In 2015, the share of those convinced of this had already increased to 16%. As part of an analysis of Russia's position in the world community, the initiative of Sberbank of Russia, together with a consulting company Strategy

Partners Group and World Economic Forum of Development, was used to conduct a study of Russia's competitiveness, in which the fastest-growing sector in the infrastructure sector in Russia is communication because to the development of mobile communications and the Internet (HELM, 2011).

It is interesting to know, that the new 2018 Global Digital suite reports from we are Social and Hootsuite reveals that Russian people spend the greatest time in the Internet and social media – with the average user in the country spending almost 6 hours 27 minutes on the Internet and 2 hours 19 minutes in the social networks. Therefore, the era of Web 2.0 coming now, it is a period when the development of social media has given a new form and new content to the traditional interaction of people. Therefore, companies, in order to increase competitiveness, are faced with the necessity of a combination the traditional model of product promotion and online promotion, entering the new market in the Internet business, covering those areas that are not affected by offering new services. It is important not just trade, but a higher level of service, integration of offline services with online, evaluation of consumer reaction in the network (DIJKMANS ET AL., 2015).

Russian companies often use Internet space as an additional market, and the price is the main competitive advantage. For comparison, in the USA, only 37% of the total number of buyers tend to buy goods on the Internet only on the basis of the optimal price in Russia – 61%. The reputation economy is a new period in the

economy, especially in the current period, when a good reputation, a long-dominant market position and a huge success are impossible only due to innovative know-how and unique products, commitment, immortal entrepreneurial spirit, flexibility and opportunities in a particular business. Running a successful business requires little more than that. Reputation online is increasingly becoming one of the most effective tools around one’s tough competition (KURBANGALIEVA, 2018).

Reputation economy – is the type of intangible asset whose impact on the financial and economic activities is estimated as an aggregated set of reactions and of actions in the ecosystem of the organization-related Internet environment (chart 1).

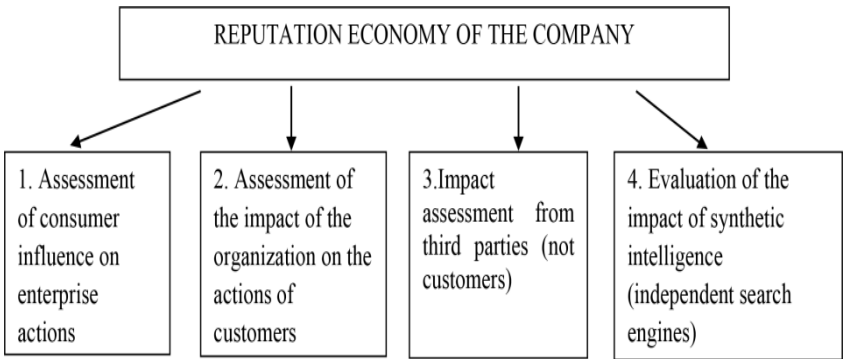


Chart 1: Components of the company's reputation economy

3. METHODS

The article attempts to assess the impact of the reputation of the economy in an organization based on open data on the reaction and actions of customers in search engines and on social networks. This research is based on the analysis of two main metrics: keyword search (organic) and engagement to the social network. In addition, there is a correlation and regression analysis between indicators and sales volume (RASHIDI & MIRSALARI, 2017; PARMIN ET AL, 2018).

In this article, the object of analysis is the automotive industry, which is justified by a wide choice of products in a specific price range and free access to product information, consumer opinion. Also, each auto concerns in the public domain place information about sales of its products. By the process of work, the author used programs Ahrefs.com, Similarweb.com, YandexWordstat, etc for collecting and processing data.

4. RESULTS AND DISCUSSION

At the first step analyses, sites were identified that are included in the Top visited sites in Russia. This selection was carried out using the site www.similarweb.com, the data used in the analysis are current – the average value for 3 months 2018 (July, August, September).

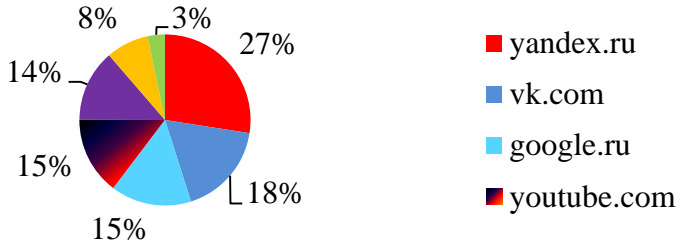


Figure 1: Traffic distribution among TOP visited sites in Russia

Therefore, according to figure 1, we have identified target sites, where it is necessary to monitor the activity of information about the analyzed companies: Yandex.ru, Vkontakte, Google, Youtube, Odnoklassniki, Facebook, Instagram. The last two social media included in the TOP 5 visited world sites and the TOP 10 visited sites in Russia (GOTTSCHALK, 2011).

At the second stage, we analyzed the relationship between the organic search (organic traffic) in Yandex and Google and sales value (cost of sales – от смысла зависит) of the requested car brands in Russia. Finding as many potential buyers as possible will help the company to get a profitable offer and quickly sell goods. Organic SEO traffic does it all of this for entrepreneurs. Once company rank in Google or Yandex for company's selected keywords, there is not much more for them to manage, aside from going after other keywords. For the analyzed companies were selected requests for the most popular keywords - the name of the car brand. We give an example based on two car brands - Lada and Lifan.

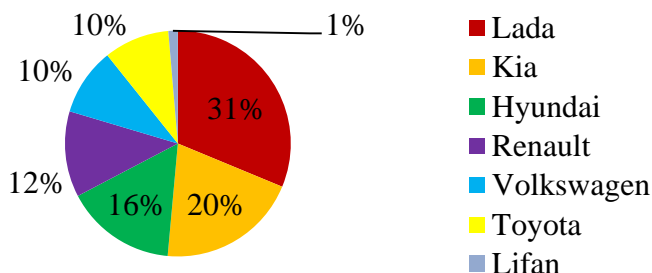


Figure 2: The value of automobile market in Russia, 9 months 2018

The following figure 2, sales brand Lada is leading in Russia – more than 20 thousand units per month, brand Lifan closes the TOP 7 with sales of about 1000 cars per month. Consider the relationship between requests in Yandex and Google.ru and sales volume. The data is collected using Yandex Wordstat and Google Trends. Data based presented in Table 1.

Table 1: Sales and organic search for keywords

	Janu ary	Febru ary	Mar ch	Ap ril	Ma y	Jun e	Jul y	Aug ust	Septe mber
Lada	21 005	27 401	30 708	30 712	28 654	31 404	29 389	28 683	31 173
Yan dex	84%	81%	93 %	90 %	82 %	75 %	86 %	93%	100%
Goo gle	71%	67%	73 %	80 %	72 %	77 %	75 %	84%	100%
Lifa n	891	1 123	1 318	1 290	1 327	1 403	1 315	1 250	1 310
Yan dex	71%	76%	85 %	97 %	100 %	83 %	87 %	95%	91%
Goo gle	61%	64%	62 %	88 %	70 %	81 %	100 %	76%	68%

Further, a correlation analysis was conducted between requests to searchers for the number of cars sold over similar periods of time. The results are presented in Table 2.

Table 2: Correlation between organic search and Sales

	Lifan	Lada
Yandex and Sales	0,68	0,24
Google and Sales	0,48	0,45

The level of sales and trend lines between queries in Yandex and Google search engines graphically are shown in Figure 3.

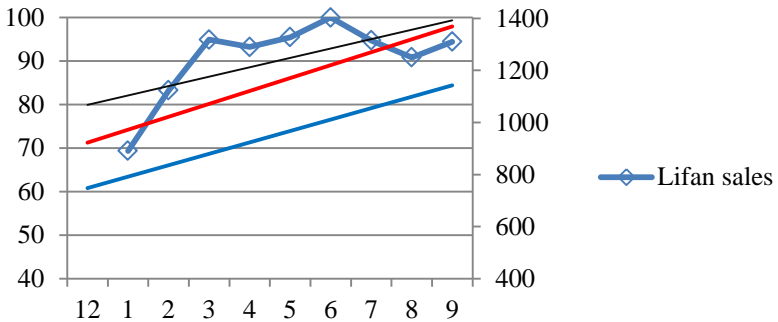


Figure 3: Positive correlation between inquiries and sales

At the third step, we focused on the analysis of the reputational economy in social networks. Reputation in social networks is a new area of the market, where professionalism is evaluated on a different plane - virtual, depending on the reputation it has created. Whether it is a certain product or a multifunctional company, if it has a high

reputation in the network, they have unlimited opportunities to promote in the new market and the opportunity to consolidate their position in the market (SAFIULLIN & SAFIULLIN, 2012; BALMER & GREYSER, 2003)

The most popular social networks VKontakte, Facebook, Twitter, Instagram, the YouTube have a huge influence on the development of different aspects of life - electronics, sports, tourism, food products, and so on. Regularly looking through news feeds and comments, one can observe which products are of the most interest to the client (for example, on Pinterest, potential buyers place their desired purchases themselves), what questions the buyer is interested in about the product and product (forums, group discussions, etc.) what problem points they pay special attention to (SAFIULLIN ET AL., 2017).

As already noted, the reputation in social networks is made up of a set of factors, most of which are subjective customer ratings: likes, comment, channel subscriptions, and reposts. All these factors are divided into two groups, depending on the degree of influence on the reputation:

- Surface influence factors (number of posts and subscribers);
- Factors of deep impact (likes, comments and repost).

So, the first group of factors, in our opinion, does not have such a strong impact on reputation, as in the daily flow of multi-million messages, none of them is significant, influential (3). However, as soon as discussions begin around some messages, users make the repost interesting and useful information in their opinion, they like it as a sign of loyalty, this involvement can turn into a qualitative result in real life, for example, in the form of an increase or decrease sales. Confirmation we can saw on Table 3, the amount of users (fans/customers/followers) to Facebook for Renault and Volkswagen makes 18 and 36 million, respectively, while the engagement rate is very low. To assess the reputation in social networks was used engagement rates (14), which is calculated by the following formula (1):

$$ER = (L+R+C)/S, \quad (1)$$

где ER – engagement rates;

L – likes, R – reposts,

C – comments, S – amount of users (fans / customers / followers)

Data for calculations on activity - likes, comments and reposts, used for 9 months of 2018, are similar to the period of the sales statistics. The data are aggregated using feedspy.net.

Table 3: Involvement ratios for 9 months

Brand name	VK	Facebook	Instagram	Youtube
Lada	0,28	0,14	1,40	0,69
Kia	0,06	0,18	2,02	0,11
Hyundai	0,11	0,02	1,45	1,87
Renault	0,13	0,00	-	0,33
Volkswagen	0,14	0,00	2,30	0,36
Toyota	0,16	0,16	1,61	0,90

According to Table 3, it can be concluded that the highest engagement in the social media of the site environments is Instagram and YouTube.

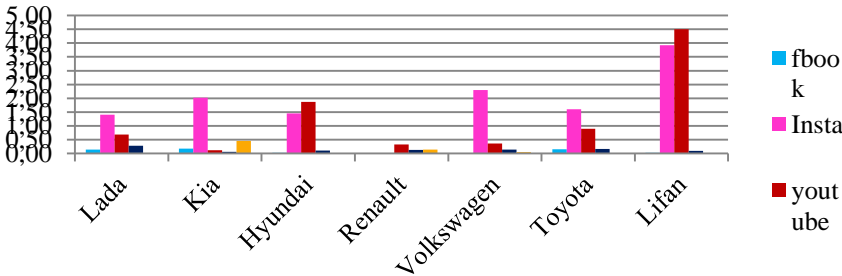


Figure 4: ER in Social network for 9 months of 2018

As we can see in Figure 4, the social networks Vkontakte and Facebook show the most uniform results of the engagement.

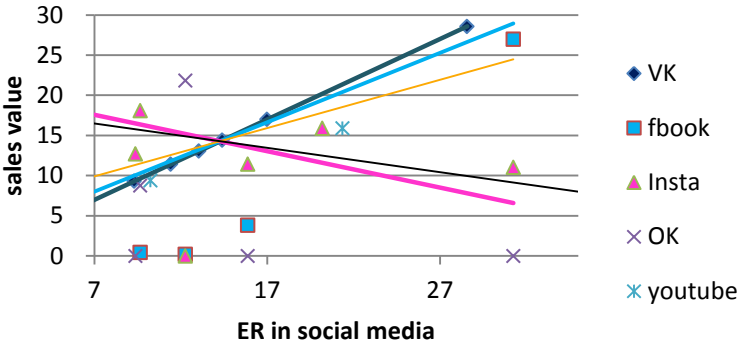


Figure 5: Correlation-regression analysis between ER and sales volume for 9 months 2018

However, in the course of further correlation-regression analysis (Figure 5), we obtained an interesting result. Table 4 shows that Vkontakte and Facebook sites have a significant impact on sales volumes. Therefore, we conclude that Instagram and YouTube have a high degree of engagement among subscribers. Accordingly, these sites for auto concerns are a place of an acquaintance of the client with the brand, new products in the car line, placement of news and to get acquainted with promotions and promotional offers.

Table 4: Correlation between the market share of sales and the share of ER in the social media

Social media	Correlation
VK	0,55
Facebook	0,48
Instagram	0,06

According to the data received, Vkontakte and Facebook are visited by more prepared for purchase or regular customers with the desire to receive detailed and interesting information, as well as to learn the opinion of other users or get an answer from the manufacturer to the questions of interest online. For example, in 2017, the Lada auto concern began to actively explore the experience of communicating with customers on the Vkontakte page Discussions.

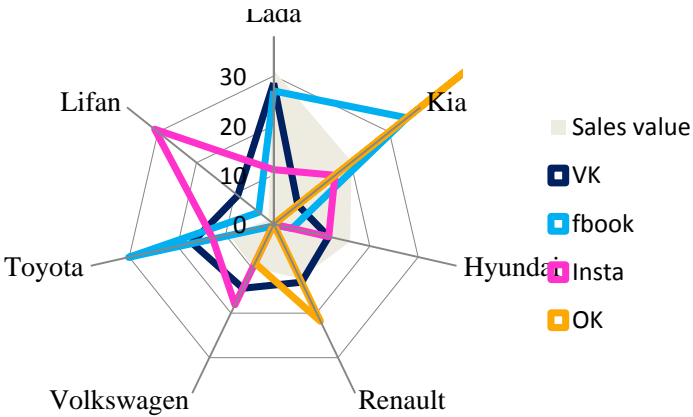


Figure 6: The ratio of the share of involvement and car sales for 9 months

4. CONCLUSIONS

Conclusions on the article and the results of the correlation-regression analysis of the organization's reputation economy based on two metrics:

1. Research seven sites on the Internet that automotive industry enterprises need to pay attention to and maintain online activity in them because of high traffic of them.

2. A large amount of users (fans/customers/followers), such as Facebook on Renault and Volkswagen (over 18 million and 33 million respectively) do not guarantee high involvement and activity among users.

3. For the automotive industry in Russia Instagram and YouTube have a high degree of involvement among subscribers, especially among the auto companies Hyundai, Volkswagen and Lifan. Accordingly, these sites for auto concerns are a place of an acquaintance of the client with the brand, new products in the car line, placement of news and to get acquainted with promotions and promotional offers.

4. Vkontakte and Facebook showed a high correlation with sales among social networks. According to the findings, Vkontakte and Facebook are visited by more prepared for purchase or regular customers with the desire to receive detailed and interesting information, as well as to learn the opinion of other users or get an answer from the manufacturer to the questions of interest online. For example, in 2017, the Lada auto concern began an active study of the experience of communicating with customers on the Vkontakte page Discussions.

5. In the social network Odnoklassniki, only three of the seven analyzed automobile companies are registered - Kia, Renault and Volkswagen.

6. The engagement in the Odnoklassniki of the three companies mentioned above is ranked in the manner similar to the sales volume – firstly Kia, then Renault and Volkswagen

7. The correlation is positive between the engagement in Odnoklassniki and the sales volume of Kia, Renault and Volkswagen, thus, we believe that other auto concerns are unfairly ignoring this site.

8. Lifan has high engagement rates on Instagram and YouTube, but engagement on Vkontakte and Facebook, as the number of subscribers and their activity is lower than that of other manufacturers. Thus, we believe that this manufacturer needs to revise the strategy of work on these sites

9. The shares of involvement in the social networks VK and Instagram for Hyundai, Volkswagen and Toyota are the most evenly distributed, while sales are evenly growing. Thus, we can say that they conduct the most balanced policy of activity in social networks paying attention to various Internet users.

5. SUMMARY

We hope that the assessment of the influence of customers in search engines and on social networks to the financial and economic activities described in the article will lead to the expansion of the new business discipline to build reputation in the Internet and will be the basis for the replenishment of knowledge and skills for further research on the reputation economy of company.

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