

Final degree project

# Marketing plan of developing and promoting sport shoes online shop LifeShoes

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## Project summary and keywords.

I was faced with a marketing problem:

To convey the idea of the project to the consumer, gain their trust formulating the trend image properly. The aim is to develop the marketing plan of opening and promoting the online shoe shop, retailing worldwide known brands as Nike, Adidas, Reebok, Uggs and Timberland, represented with wide range of products from either new collections or some exclusive models that are limited, (although from previous collections too but still having the large demand, according last retail statistics). Provide good and fast logistics service with possibility of trying at home different models and sizes, offering safe means of payment, assure my customers the good product quality and giving guarantees and unprecedented product return, in case the item is not appropriate according the customer's needs.

There were available statistics from the real shop by internet, selling the same kind of product – it was very useful to make the accurate decision about the strategy and further behaviour.

Calculation of the profit and payback were satisfying, although some correction could be applied regards to vulnerability of the economic and political environment.

Keywords: e-commerce, online shopping, retail market, focusing strategy, advertisement, complete customer service.

Me encontré ante un problema de marketing:

Transmitir la idea del proyecto a consumidor, formular la correcta imagen de la marca según últimas tendencias con el fin de ganar su confianza. Esto será posible desarrollando el plan de marketing de la apertura y la promoción de la tienda al por menor online de zapatos de las marcas conocidas como Nike, Adidas, Reebok, Uggs y Timberland. La tienda estará representada con una gama amplia de los productos tanto de las nuevas colecciones como de algunos modelos exclusivos que son limitados. Otro objetivo de marketing plan es un buen y rápido servicio de logística con posibilidad de llevar los productos a casa y probar antes de comprar, ofrecer medios de pago, asegurar a los clientes buena calidad del producto ofreciendo garantías y proveer el servicio de devolución del producto sin precedentes.

Para el desarrollo de marketing plan han sido usados los datos estadísticos de los consumidores de una tienda online real del producto parecido y han sido realizados los estudios de mercado, de los factores exteriores e interiores que pueden influir , análisis de competencia y finalmente llegando al análisis SWOT para decidir que estrategias o medios tendrán que ser aplicadas para llegar a recibir beneficios en el futuro y asegurar la rentabilidad del proyecto. Han sido realizados los cálculos que justifican la viabilidad de la idea del proyecto por ser el producto con demanda alta, pero no hay que olvidar sobre la vulnerabilidad del mercado ruso, el entorno del cual está debilitado después de últimas inestabilidades económicas (bajada drástica del petróleo, sanciones, fluctuaciones de la moneda nacional)

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## I. Introduction

The project is a general plan with some detailed activities covering a long period of time, a way to achieve the complex goal. The understanding of promotion program consists of hierarchy of objectives, consistent achievement of which, starting from the lower levels, will lead to the goal of the highest level - becoming the leader of the market of sport style shoes online shop, with a strong base of customers in Moscow, Saint Petersburg and Central Russia.

The objectives of the project are:

- Development of product image of LifeShoes and the efficient use of available resources to achieve the main goal.
- Promoting e-shop. Because, it makes more sense to promote the resource itself - an online store then specific exclusive models we are going to exhibit in the store. In the future, the demand for this particular category of sneakers may change and organize new advertising campaign for the new product is always very expensive. When untwisted single resource is already popular, it means the middle work done and to change the name of the group of goods it is much easier, it's very useful in my case, when each day the tendencies and fashion are changing.
- Increase the interest of doing sport.

The methodology is an analysis of different points, like how is the situation on the market where my shop is going to have its activity, then I will pay attention on political and economic factors via the PEST analysis further coming to the competitors comparing, then I will analyse who are going to be my potential customers. I was provided with real statistic's data of real retailing sport shoes shop from the analytical tools of entering and tendencies of buying from the retains shop of the sport shoes that works in Moscow and Moscow region, that could help me to understand the segments according which I am going to build the appropriate strategy. Furthermore, the SWOT analysis that is going to be the basis of revealing the strong and some points that will need to be improved, with special action directed on this aim. For more analysis I will use KeyWords Yandex tools, [Semrush.com](http://Semrush.com) - for analytics of web-pages. Saying in conclusion, in writing this project were used statistical materials of the periodical press, educational materials, and materials developed by the author in creating the store.

Brief reason why in Russia and specially Moscow, is quite evident, the city is growing really fast as the pushing power of the customers, although last economic and political

instabilities are not very pleasant for the country's economy, also sanctions and exchange rates fluctuations, but the paradox is that the demand is growing each day, on everything, even on the luxury products, that sounds totally ecological, but thinking deeper it is easy to see that here is speaking the psychological defence factor - people or potential buyers don't know what to expect from tomorrow, trying to spend or invest their saved money today. I can conclude, it is a good moment to penetrate to the market. Another reason, people always will need cloths, especially sport shoes as the most universal good, further I will develop why my choice fall into this niche of market.

## II. General analysis of the situation on the market

### 2.1 Analysis of the external environment.

The idea of starting with e-shop was basically explained of not necessary high start-up capital. The online store is several times cheaper than the physical shop. Another advantage is the content of the online store, it costs relatively inexpensive. It is not needed to rent the retail space, provide a presentable appearance of showcases, spend on cleaning or services to ensure the safety and security, furthermore there is no need to hire salespeople and train them.

Analytics' tools, adjusted on all Web-pages is another significant plus of the online store. All orders and purchases made there will be recorded in the system, and can be easily found what goods were bought more frequently, at what time, from which districts or cities, etc. That is much more complete information about sales and advertising effectiveness than "dry" reports from accounting software.

Opportunities of the business growth have good expectations. Statistics say the following. The numbers of buyers are constantly increasing, thanks to growing amount of internet users and growing trust of electronically payments. According to the survey of the Public Opinion Foundation in October of 2014: the proportion of Internet users among the adult population of Russia was 66% (73 million. People) 9% of the annual growth and for the daily audience of this figure was 12%. About 20 million people are making purchases on the Internet and this number is constantly growing. At the same time, the prevalence of online shopping grows with the growth of the city. In small towns the share of online buyers among active Internet audience of just over 63%. In Moscow, the share of online shoppers already exceeds 80%. Saint Petersburg is little less - 75%.

Another meaningful fact, the 32% of all purchases by internet is presented to cloth and shoes. (reference to Marksw Webb e-commerce Rank and Report 2014 <http://marksw Webb.ru/e-commerce/e-commerce-user-index/> ).

All said above means that now there is a favourable environment for the opening of its online business. The same time I shouldn't forget that despite the increase in the number of people making purchases on the Internet, anyway all these people still continue buying part of the goods in the physical stores. There are more facts, on which I need to base, to influence on my customer's mind and make the online store be more attractive to a buyer.



- First is obviously the price. The cost of goods in online store is objectively lower since the content of the store is cheaper. This certainly applies to the pluses online store.
- Time. The client does not need to go to several stores to find the right product at a reasonable price. All the information could be found on the site, without leaving home. Online stores are able to take orders 24 hours a day without breaks and days off at a convenient time for the customer.
- Psychological comfort. Visitors online stores are not pushed into the crowd of shoppers, do not wait when it's free consultant, there is no pressure on the part of the seller.
- Comparing goods. The user can see the photos from different angles with specifications for the further possibility of comparison. For, example it could be shown some alternative items with similar characteristics. Same time they can be found on independent websites and forums. Almost everybody rely on the opinion of other users, which may be unfortunately biased. So my aim will be try to get the customers trust and build good image in their minds.
- Advanced Search. The user can specify their requirements to the product, and the store will instantly find suitable products (for example, specify price range, year, brand, type, etc.)

Why I decided to choose exactly this niche? Sometime in summer, I was searching specific sneakers Nike Hyperfine 90 in acid yellow colour that I couldn't find in any physical shop. I had to direct to the google search to find tips where I can find them but for my surprise or it was lack of my size, or just delivery cost would be slightly more than half of the item price (shipping + customs duties if it was sent not from EU). This is how the idea come, but i had to insure myself of popularity of this idea among another internet buyers. Here I used the KeyWords Yandex tools. It has shown me that there are 5 763 clicks with the keywords "buy nike airmax" that is not bad, with even peak of 17400 clicks in March and more than 14000 in July, with comparing 15500 and 10000 in 2013 in March and July. So, with this tendency of growth, it could be expected almost 20000 clicks on March 2015, when my Web-page will be already promoted enough.

Picture 1. Following are results of search by key words Nike air max.



Picture 2. Following are results of search by key words "New balance"



Picture 3. Facts about how many persons were searching "nike air max to buy in Moscow" and in which

01.11.2012 - 30.11.2012	46 256	0,0000091668	01.11.2013 - 30.11.2013	48 542	0,0000094580
01.12.2012 - 31.12.2012	47 044	0,0000088288	01.12.2013 - 31.12.2013	44 411	0,0000081662
01.01.2013 - 31.01.2013	56 410	0,0000100346	01.01.2014 - 31.01.2014	48 625	0,0000078213
01.02.2013 - 28.02.2013	74 549	0,0000139424	01.02.2014 - 28.02.2014	59 103	0,0000108667
01.03.2013 - 31.03.2013	101 341	0,0000181654	01.03.2014 - 31.03.2014	105 862	0,0000167875
01.04.2013 - 30.04.2013	103 758	0,0000197085	01.04.2014 - 30.04.2014	85 677	0,0000152989
01.05.2013 - 31.05.2013	59 964	0,0000123064	01.05.2014 - 31.05.2014	57 390	0,0000109113
01.06.2013 - 30.06.2013	43 291	0,0000098104	01.06.2014 - 30.06.2014	44 063	0,0000093535
01.07.2013 - 31.07.2013	52 288	0,0000115997	01.07.2014 - 31.07.2014	38 111	0,0000091724
01.08.2013 - 31.08.2013	74 467	0,0000158168	01.08.2014 - 31.08.2014	47 853	0,0000102485
01.09.2013 - 30.09.2013	65 155	0,0000124779	01.09.2014 - 30.09.2014	45 767	0,0000088466
01.10.2013 - 31.10.2013	52 104	0,0000092029	01.10.2014 - 31.10.2014	41 718	0,0000073453

periods.

Here we can see, that the peak times are March-April with more then 100.000, and next biggest July to September.

Next step to analyse if it is going to be possible to reach the market by the March I decided to do a Pestle analysis, of political, economic, social and technological factors to see if the situation is quite please to realise my plans.

Table 1. Analysis of external factors. Here, I would like to present some conclusions of PEST analysis.

Factors		The impact on the industry	The impact on the brand
Political	Slight political instability, expected changes due to population not satisfaction of crisis.	People try to save money instead of spending it.	People tend to buy cheaper goods.
	Strengthening political lobby Russian retailers	The emergence of laws that create preferences for Russian companies.	Straight advantaged in front of official Nike stores.
	Future changes in legislation related to information security in the Internet.	Appearing new services and security application.	More safe business.
Economical	Difficult situations, sanctions from the West.	Products delivering and retailing from USA and EU is becoming more difficult.	To buy good to retail in th shop from local or Asian suppliers.
	Low prices of oil, the Rouble is weak to dollars, euro. The dynamics in exchange rates	Foreign products are becoming more expensive, in official physical stores.	We are gaining more customers from another segments.
	Strengthening competition: appearing more e-shops with same concept	Increasing price competition.	The outflow of the end users.
	Rising inflation	The occurrence of the additional demand	Increased demand for durable goods

	The working capital deficit	Increasing the value of financial resources, strengthening the position of companies with own funds	Presumably, the forced reduction of inventory, minimize credit programs, failure of suppliers that do not provide deferrals
Sociological	Decline in real incomes	Decline in demand for luxury goods, increased demand for goods economy class	It is an advantage for my e-shop, shift in demand towards shopping in the stores of economy class
	Change of generations	All modern tendencies are kept in Russia	Usage of e-shops
	Growing popularity of importance of sport or leading healthy style of life.	Sport cloth becoming more demanded.	Increase of potential customers.
	Trust in paying with credit card.	Works for the further development of this sector	Useful, fast, appeared in a system automatically, no confusion.
Technological	Widespread automation retailer's equipment	Retailers that have automation tools, get a cost advantage	Price competition from other retailers
	The amount of devices to with excess to internet per person is increasing rapidly.	More potential users	More potential users
	High internet quality networks, easy excess.	Easy excess to internet.	More potential users

	Safe technologies of means of payments, a lot of alternatives.	More users prefer to pay with electronically means of payment or credit cards.	More trust - more customers.
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Financial and economic situation remains in crisis all around the world. At the same time it changes, while remaining very heterogeneous. Still none of the countries has any universal solutions: that fits in ones, does not work in others. By the beginning of 2014 the leading countries of the world have stabilised, and some shown even more weak economic growth, and Russia is among them. Another economic shock was produced in summer 2014 with sanctions from many countries in different fields of industry, trading, banking, etc.

Another reason that has degraded the worldwide crises even more was the brisk drop of oil prices, as Russia is the 3d wordiest producer of oil; their economy depends a lot on it. National currency - Rouble is devaluated, foreign products became really expensive, the population is suffering of internal price's growth as well. Particularly in Europe, the rate of the economy has declined a lot as well. Still the general opinion experts agree that the crisis is prolonged (up to 2020) and will entail major changes in business and in the world order, that influences on all economies and Russian Federation too. That's why Russian government, conducted an independent foreign policy and undertaken the Herculean steps of detaching from the US dollars and Euro, becomes on releasing all transition calculations only in national currencies and tries to line up a full-fledged alliance with China, growing Iran, promising Brazil, India and so on. As all the products and factories are situated in those countries, the product prices are not going to vary a lot. That means our suppliers are not going to suffer of price growth, so we, in our order, are not going to increase then adding the standard percent to gain margin, trying to sell it principally to the population with low-medium level of income.

There are problems in the banking sector too. After sweep's banks depositors began to take money from them and move on legal entities in the state-owned banks. Large non-state banks, limited smaller and regional banks have reduced interbank lending, for credit resources. As a result, loans to businesses declined and went up, complicating the process of their production, which contributes to further reduce the possibility of development. The advice to be more competitive is to use your own funds.

## 2.2 Analysis of competitors' activities

In every market penetration it is essential to start with analysis of main competitors, to get to know how they work, provide service to customers, take a look on their web-page structure, thus the watch out on everything helped them to come into top-10. All that could serve me as a help to build my marketing strategy, copying or aiming on improvement of their strong parts or watch out the key activities to avoid to get the negative result. Sure, from one side my opinion could be a bit subjective, as i was viewing it only from my point but from another side I was basing on real statistics.

I decided to divide my analysis of competitors' activities into two stages:

- In the first phase, I have made a list of 8 competitors using the system Yandex and Google entering the query "air max 90 hyperfuse to buy in moscow" ("air max 90 hyperfuse купить в москве"), where I have got the list of the first 10 stores, see the table 2 below. Then I entered the url of first of them in another free online SEO analyser (<http://www.semrush.com>), in the conclusion it was presented the list of "competitors in organic search" and the main organic key words, that will help me for further promotion of my shop while context advertisement. From the list of first competitors I've chosen 5 of them to compare plus official Nike store and 2 online retailers, because they appeared on the Google search but on the side of Ads: worldwide known Amazon and the same concept for purchasing goods online, but only for Russian speaker's market - Ozon. Among them there was Ebey, that started their penetration in Russia the summer 2014 and is actually gaining really fast good fame among Russians, thanks to safe delivery, different and comfortable means of payment, but I'm not going to include it into my competitor's comparison because the majority of presented products are not according my customers segment.

- As the second step, I tried to identify the key factors and indicators that will be taken into account in the analysis of competitors' activities. Among important points, I included:

1. The structure of the online store. I was noting the design and content of the home page, how that are represented the main unit as categories, then I payed attention on description of a particular products, is it's fully completed and meaningful, if the range of products is enough. Where the button "Add to cart" is situated, if the site is dominated by photos or

preference is given to the text. Pictures should be presented for every product, unless it is not a shop, and the site is going to get low score.

2. Online store usability and convenience for visitors and buyers. It can be determined by the testing, if it is easy to select the product from the catalogue and order it (I was giving 8-10), it is easy to navigate by the site and to make the necessary manipulations, underline what makes me feel comfortable, and mark all the annoying moments.
3. Options of means of payment. Depending on how many means of payment the company uses i was giving the score, from 2 point for only one mean - post-delivery is the most used in Russia, and more points for using, credit cards, PayPal, etc.
4. Methods of delivery. This is one of the most important issues in the organisation of an online store. Types of shipping, the more the better. 10 points for many kinds and lower score for only 1-2 (post service or courier's service). Same time here i was checking the usage of some tricks, for example, guaranteed free delivery when you order goods for a certain amount or discounts, coupons, sales. This is what customers really like. As it was coming to New Years is was easy to notice and check how my potential competitors are building their work approaching to this holiday season. It is obvious: nowadays it is almost impossible to compete with successful online stores, without using a system of discounts and organising sales.
5. Advertisement. That was a bit complex, so I was using free online resources to check how many times the sites were mentioned on any social networks, another pages, blogs, etc. This is always indicated on the store page.
6. E-mail marketing. Here i was checking if the delivery is carried out only by registered users, or by subscribing to the newsletter. Second point was the quality of service: what methods of feedback were provided on the site. In 4 of 5 sites it has appeared the little aside window for direct online chat with constant, that was not disturbing and in only one of that sites it was lack of it.
7. Prices.
8. SEO position. It was taken from the counters of attendance on each page, that were normally published in the end of the page or in lack of it they were taken from the [semrush.com](http://semrush.com) mentioned before.

Table 2. Competitors. I provide their web-pages as references.

	<a href="http://Nike.com">Nike.com</a>	<a href="http://Outpac.ru">Outpac.ru</a>	<a href="http://Krossmarket.ru">Krossmarket.ru</a>	<a href="http://Airfoot.ru">Airfoot.ru</a>	<a href="http://Magazin99.com">Magazin99.com</a>	<a href="http://Likeitstore.ru">Likeitstore.ru</a>	<a href="http://Avito.ru">Avito.ru</a>	<a href="http://Amazon.ru">Amazon.ru</a>
Design	9	8	6	7	6	8	7	7
Content	6	7	7	7	5	7	4	4
Convenience	6	8	8	8	8	8	6	8
Delivery methods	8	5	8	7	5	7	7	8
Advertisement	10	7	8	7	7	7	7	6
Presence in mass media	10	7	8	8	5	7	7	5
E-mail marketing	6	7	8	8	7	7	7	8
Prices	7	7	7	10	8	7	10	4
SEO-Position	10	9	9	9	9	9	9	7
Total	72	66	69	72	60	70	64	57

We can view more or less the same score for every internet shopping resource, although every page has their own strong and weak points. I'm going to focus first on the official Nike store, it has obviously gained the biggest score, it has appeared in top-10 by keywords I used, because it has already got the brand awareness its advertisement strategy is really strong, it is already gained the trust from customers, so the first feeling was to direct certainly there to purchase the product, but then I've faced with 3 rough problems: as there were no articles of previous collections, not all items presented on the page, that is why I gave only "6", here I should remind, that the content was not according "preferences of my



project”, plus there were used so many flash effects that disturbing and making it more difficult the process of choosing, furthermore the error was occurred while trying send it to “the cart”. Prices a bit higher plus delivery methods is long but safe than is why I gave still high score. In general, I’m not going to take this case as serious competitor, first as mostly all of customers are using this page with the aim of acquiring the idea of new collections and will probably decide to direct to the fiscal shop, and this segment of clients is not beyond my case.

About Amazon and Avito, both have the same concept, of selling different types of goods, that’s why the score of content is quite low, plus longer delivery, especially in Amazon case, plus prices or could be lower than medium (Ozon got 10 points) or higher but in both times the delivery time is longer and costs are higher, so I consider them to share little amount of my potential customers.

Another 5 retail shops i consider to be my direct competitors to all of them I gave “9” of their SEO as they are situated in top-10 bike words and got really good position and evolutions during last 5 month (data from [semrush.com](http://semrush.com)).

If to focus on design, the Likestore was capturing the attention more, seems to be really comfortable and easy to use, the facts of good-working logistics service, big system of discounts and sales, gift cards was highlighted and striking to eyes, so to say, the site was good made. Another were having almost the same type, maximally approached to the official Nike web-page, that was looking serious and giving more trust, only the Krossmarket got the lower score, because of strange shrift of the words, but then thank to presence in many mass media and networks it has finally gained good score.

The conclusion of this analysis was to have more serious design, similar to official Nike store, with predominance of white with grey stripes and official symbols of the trends I'm going to sell. In order to convenience, less flesh effects, I believe the simple usage and full contents of products have more value to colours and flying butterflies by the page. Delivery methods, courier’s, post office services and all kind of means of payment, cash on delivery, credit cards, PayPal, Google Yandex Money, etc. We need to simplify it for customers and gain their devotion, thinking and taking into account all their preferences.

Presence in mass media: networks, blogs, e-mailing is obvious. All healthy kinds of advertisement, searching the low cost of will be used.

To avoid the error of some of my competitors as [Magazin99.com](http://Magazin99.com) that works on all russian territory that makes the process of delivery longer, and probably difficult for the same

workers that can easily lead to confusing and some errors, I will focus on only few districts in the beginning, using the couriers service searching for their best, decreasing the time of delivering up to only 3 hours if somebody needs new comfortable sneakers in short time before they flight away to walk by Himalayas Mountains, or by order until really late, 22 pm, when my customers are relaxed at home, could calmly try the product with no rush. If it is going to work well, I'm not denying expending to more cities in Russia or ex USSR.

Pricing politics. The price similar to my direct competitors, same time using discounts, sales, special offers in order to penetrate to the market. It could be expected the low profit in introduction and growing during the further development.

### III. SWOT analysis

	<p>Opportunities</p> <ol style="list-style-type: none"> <li>1. Growing market</li> <li>2. Development of digital system of sport shoe shops next to customer houses.</li> <li>3. The life cycle of services is under implementation.</li> <li>4. The growing number of Internet users and internet shoppers.</li> <li>5. Future changes in legislation related to information security in the Internet.</li> <li>6. Increasing amount of people keeping healthy style of life - potential customers.</li> </ol>	<p>Treats</p> <ol style="list-style-type: none"> <li>1. The risk of appearance of stronger competitors.</li> <li>2. Dependence on aggregators</li> <li>3. The absence of specific legislation in the field of e-commerce</li> <li>4. The large number of substitutes and the possibility of new competitors</li> </ol>
<p>Strength</p> <ol style="list-style-type: none"> <li>1. Flexible org. structure, highly motivated project participants.</li> <li>2. Almost nobody of competitors have a marketing plan that sometimes could lead to unexpected loss in not good thought parts of business.</li> <li>3. Cooperation with the largest aggregator of legal sport shoes in Moscow.</li> <li>4. Single market space - Internet</li> <li>5. Legal business and provides products</li> <li>6. Offered product has big demand, it is useful and practical.</li> <li>7. Good quality product and comfortable free delivery.</li> <li>8. Big range of products.</li> <li>9. Possibility of organising discounts, sales, special offers, discounts and gift cards.</li> </ol>	<ol style="list-style-type: none"> <li>1. To use all analysis conclusions to go ahead the marketing plan.</li> <li>2. Keep on good relationship with the supplier,</li> <li>3. Taking advantage of low interest's rates to grow up and expecting changes in legislation to feel more safe acting in the market.</li> <li>4. Constant work on searching and obtaining new customers, via all available ways.</li> <li>5. Renewing items every season. All the good should have their demand.</li> <li>6. Take advantage of all kinds of promotional tools, to gain more customers and for the further growth of the margin.</li> </ol>	<ol style="list-style-type: none"> <li>1. Constant work according the marketing plan, overtime actualising data and tendencies to make changes in it if it is needed.</li> <li>2. On the short term try to find the possibility of independence from the main supplier - probable negotiation or finding new suppliers with least prices, if it going to be needed.</li> <li>3. The absence of specific legislation in e-commerce could be minimised acting transparent on the market. Otherwise, to insure it could be made an agreement with any competitor for the further working together - the more agents the stronger is the brand.</li> </ol>

<p>Weaknesses</p> <ol style="list-style-type: none"> <li>1. Contract with only one supplier and dependence on him.</li> <li>2. Lack of authorised capital for the needs of the organization</li> <li>3. The uncertainty of the project</li> <li>4. The lack of customer base</li> </ol> <p>What should we do?</p> <ol style="list-style-type: none"> <li>5. Inexperience staff</li> <li>6. Little trust of customers to buy and pay in internet.</li> </ol>	<ol style="list-style-type: none"> <li>1. Loans in Russia are quite expensive, so the project can't have a large budget in the first stage. Anyways, the e-shop is cheaper than the physical shop to maintain, so majority of costs could be cut.</li> <li>2. The uncertainty of the project is quite difficult to make more clear in the current economic and political situation, but with time obtaining the customers base, satisfying their needs, we can become more stable and to gain the experience in vulnerable times.</li> <li>3. The development of technologies can make the payment by internet surer for users, and there is always the option to pay in delivery.</li> <li>4. Hiring more experienced staff.</li> </ol>	<ol style="list-style-type: none"> <li>1. The project is young, on first stages it will not gain any margin, but with patience it is expected good beginning, pick times - from March to July, when the demand is high.</li> <li>2. The large number of substitutes is essential, sport shoes should differ, the choice is going to be big, so we need to show the exclusivity not of the product but of the offer, basing on good quality, and safe means of payment.</li> <li>3. The advertisement should be good thought, only necessary steps, usage of determined means getting their highest effectiveness only.</li> <li>4. To be more competitive means have their own competitive advantage, as easy sage of the page, fast and heap delivery.</li> </ol>
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## IV. Formulation of goals

To get ahead with the marketing problem, I will use the tips of this marketing plan. In Russian Federation it is not very common, to organise the business following the steps from any plan. Sometimes it works, but in another occasions some loss could be produced if some unnecessary used steps with wrongly spent money, or the target is specified badly, or the advertisement campaign was organised in not propriety manner.

It is obvious, that first aim is to properly convey to potential customers an idea of the project LifeShoes. To form the image of not just simple trade, but also an information portal with social networking capabilities. Among other objectives of the project are:

- Development of product image. To realize a study with a main purpose to determine the attractive segment - analysis of consumer behaviour (their lifestyle), the definition of demand for the product.
- Promoting e-shop. To form a holistic perception of the service portal potential customers.
- Increase interest to exercise and do more sport activities. Buying new sport equipment statistically encourages people to start or to do more sport.

According the SWOT analysis I should never forget about my competitors, same time the buyers that could be rude and impatient, always emphasising the fact that if they don't get what they want, they direct go to competitors. One of the adventures could be making prices; trading margin should be minimal, as professional advice to persuade the customer to buy goods, at least in the stage of introduction. As narrowcasting subjects, I'm going to add into range of products some items from previous collections that are not presented in other e-shops, with discounts via stock-shop and some exclusive models a part from it.

- To make it to work good, it should be presented fast and comfortable in use search system, with possibility of applying filters.
- Need the perfect advertising campaign on the Internet to the client immediately find your online store in a search. It should be carefully adjusted to the target, remembering about the geographical meanings, etc.
- Creating good base of objects in sell.
- Launch of new services and active guerrilla promotions, discounts, sells, etc.
- Hiring more experienced staff. In case, the project will work efficiently and will appear the opportunity to grow.

- Contracts with other aggregators, publishers, authors if it is possible.
- Entering the market and the creation of high-quality customer base. Here, again using the advertisement companies, providing good service, in general all to gain the consumers devotion.

## V. The marketing strategy for the project LifeShoes.

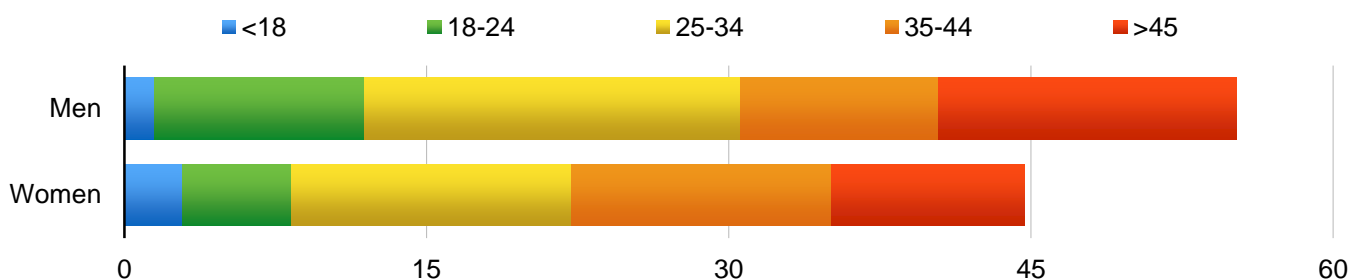
### 5.1 Description of target segments

My potential customers are modern people with an active lifestyle, seeking to realise itself in different areas, with others supporting a good relationship and appreciate their opinion. These people take quite independent solutions but sometimes guided by the majority and follow the modern tendencies.

This data base was caught from real online shop of shoes, with installed application Metrika, that permit to know what kind of people came to the page, which sex, interests, age, how long they spent on the page, what did they accessed to, how many of them finally bought. This statistics would help me to know my clients target that I need to focus on before deciding which strategy to apply.

The majority of them are men 55 % and 45 % of women. 18,4% of all auditory are 18-24 years male sex, second biggest group is men again with age more than 45 years old. Women are presented more homogeneous distinction of age, 10-14 percent in every age gap. Same time, i can conclude that age is not playing the biggest role. Pic.4

Picture 4.



Both sexes mostly have low-middle level of income. Sure, could appear some random costumers - persons from all kind on clusters, with high level of income, different ages without difference of sex.

That is interesting to note that female sex above 18 years old present quite meaningful percentage with quite big depth of staying on the site and going from page to page. That means this interest and they can always ask their parents to buy new shoes. But as they tend to have more free time, so they can just switch from my page to competitors, so i need to

persuade them to stay and to buy my product, probably using big discounts, sales, gifts for users < 18 years old, or possibility to have an extra discount if it's the day of their b-day, The same could be applied on the students. Sure, these emotional strategies should be used for all kind of customers in different variations.

The percentage of devaluations is quite homogenous as well, so the process of return should be automatized and comfortable either for me or for customers.

If to check the affiliation index, so here the major number with the biggest amount of visitors presented to the factor "business" and "cars", that got more than 100%, that means the target was get properly. Second after it was tourism, 107,3%, healthy style of life is on 128,9% but the percentage of visitors is only 8%. To get clients from this target could be possible reporting flyers next to any Gym or sponsor any of gyms with free T-shirts with the name of Web-page of the shop.

Table 4. E-shop visitors.

Age	Sex	Share of visits, %	Returned the product, %	The depth of views on the site	Time on the site, hours
>45	Men	14,8	18,2	6,2	00:03:14
	Women	9,6	16,0	4,2	00:03:03
35-44	Men	9,8	11,8	5,8	00:02:01
	Women	12,9	16,4	6,1	00:02:48
25-34	Men	18,7	15,5	5,3	00:02:08
	Women	13,9	12,5	6,3	00:03:23
18-24	Men	10,4	13,0	7,3	00:03:00
	Women	5,4	7,1	4,5	00:01:42
<18	Men	1,5	0,0	5,0	00:01:22
	Women	2,9	13,3	7,5	00:03:05



I decided to divide my potential customers into three groups, which named as follows:

1. "Actives walkers", who spends all day on their feet and need the comfortable shoes or just prefer the sport style of clothes. They like traveling, so it's useful kind of shoes. That could be buyers of both sexes without difference of age. Active users of the Internet, social networks, blogs and communicate with similar minded people.

Benefits for "Actives": get the latest trends of sport shoes, selecting the best sellers, an opportunity to share with others their attitude, opinions.

Portal should: constantly update the range of products, to organise the tight connection with Social Networks, where they can read and know about another consumer's viewers, etc.

2. "Seasonal buyers" - people who could become active for a "season", at a certain time - april/may and july/augost, when people is starting to switch in wearing semi seasonal types of shoes, as presented in LifeShoes. (according the Yandex WordStat).

Benefits for "seasonal buyers": the most demanding attitude to information content, focused, fast and easy search and selection of needed kind of shoes.

Portal should: update the range, carry out surveys on specialised fashion tendencies, organise "major seasons".

3. Here I include - "Sport - fashionable!" - "Sport is the life": that are buyers with diverse - from beginners in making sports, just following the tendency, to serious sportsmen.

Benefits for the "mods": introduction to the sport environment, a sense of impacting to healthy style of life, "advancement" of modern times.

Portal should: take into account the range, the interests of both, the recommendations of shoes for different kinds of sports, news about organisation of any sport events, marathons, motivation videos from professional sportsmen.

## 5.2 Positioning

Map of perception of my potential customers. Why they should buy my product and not of my competitors?

As there is no any costumers' base, all the actions should be directed to gain it. To make the map i came back with analysis of the market of sport shoes. Competitors such as Nike official store, Amazon, the Russian analog Ozon were not considered because they do not provide the same products and service as the project "LifeShoes".

1. The unique content of the site, which is easy to use from the primary choice of the product until it came to customers hands. This refers to depth of, the breadth of the range, the correct operation of the functional web portal, compostable and easy order of the good. As the biggest concern of all buyers is that the product is not going to suit them, couriers could bring few pairs and sizes of the product to consumer's home or place of work in every convenient to them moment, for example, within 3 hours. This service is rather cheap in Russia, so it is always a good solution. The statement could be "You just thought of new speakers and we are here, try it please!"

Another important point of attention is the system of means of payment. I will need to organise it really safe, using PayPal or Yandex Money or some more. If the person decided to pay with credit card, it should be presented guarantees that the money is not going to disappear. The more means of payment the better. It will always be the traditional and loved by Russians cash on delivery, the client is paying when it gets the product.

Another very important point is the possibility of communication and easy return of the product, is it is needed. Is should be always easy to have a chat with clients, online, by call (via Skype calls, that is cheaper). Windows for online-chat on the page, fast answering via e-mail, etc. Lots of people don't want to order anything due to long, tiring process of returning. Again, coming to courier's service, when people get the 100% service, the percentage of devaluations is dropping drastically until 3%. Especially they know somebody will come to their place to get the item back, they are not going to have a fear to make an order.

Thus, after "the construction of the maps of perception" it can be seen that the project "LifeShoes", is situated in niche of focusing on clients' needs as the aim, so once the project appears among all the competitors in the market, it will provides me an opportunity to communicate of my special, personal spac

### 5.3 Strategy.

Choosing the propriety marketing strategy I was principally seeking the one could create the customer awareness, growing the client's base, and work toward building customer's loyalty and referrals. My goal is not only to gain the status of dominant in a sport shoes market, but create the icon brand LifeShoes. I decided that the appropriate implementation of my goals could be according the strategy of focusing, which is possible in two ways:

- Focusing on the basis of low costs. Orientation on a narrow segment and the displacement competitors due to lower prices, at least in the stage of introduction. Same time the lower price could be done to buyers, via giving discounts, gifts, all kind of emotional impact.
- Focusing on the basis of product differentiation. Orientation on a narrow segment of buyers and the displacement competitors offering high quality goods and providing reliable service of delivery permitting the tight contact with sales department in case of needed.

Reference from:

A training manual for the final interdisciplinary exam in marketing. Under the general editorship. VE Lankina. Taganrog: TSURE, 2006.

[http://www.aup.ru/books/m205/10\\_1.htm](http://www.aup.ru/books/m205/10_1.htm)

## VI. Development of the marketing mix.

### 6.1 Product

Product (Product) - anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy some need. May be a physical object, service, person, place, organisation or idea.

The project is a part of e-commerce or another words e-shop of sport multi-brand shoes by Internet that provide a convenient and quick access to the presented product, by following steps: search, selection and purchase. To avoid of lots of stressing errors of others shops, to choice the right one pair of sneakers you will probably need to go to different Flag stores of Nike, Adidas separately, to stand the importunate sellers, that takes either time or forces and so thanks to web-page you can seat comfortably at home on your chair and chose the model you want thanks to comfortable search on the site, applying convenient filters, of size, colour, model, year of collection. At the initial stage it is planned to create the portal on the Internet, providing sport shoes sales, advisory services and users to communicate with each other and with the seller. Further, in parallel with the development of additional functionality it is planned to develop software for mobile devices that allows to take advantage of the portal.

Picture 5. Competitor's web-site.

The screenshot displays a web interface for a shoe store. On the left, there is a navigation menu with categories like Adidas ZX 750, Adidas Porsche Design, Adidas Springblade, New Balance, and Nike Air Max. The main content area features a 'Фильтры' (Filters) section with a 'Размеры' (Sizes) filter for 'женские/подростковые (35-41)' and 'мужские (40-46)'. Below this is a 'Выберите подкатегорию' (Choose subcategory) section with a grid of seven Nike Air Max models: Nike Air Max 87, Nike Air Max 90, Nike Air Max 90 VT, Nike Air Max 90 Skyline, Nike Air Max 90 Hyperfuse, Nike Air Max 2013, and Nike Air Max 2014. At the bottom, there is a promotional banner with four Nike Air Max 90 c models, each with a discount tag: -46%, -46%, -44%, and -44%.

On the picture 5 we can see the web-site of one of the competitors. Almost all of them had the same concept, so I need to be different from them, same time seizing their advantages and trying to avoid some points are not satisfying by my, potential client point of view.

First, I need the logo. It is going to be the grey background with words LifeShoes and a silhouette of person, representing healthy style of life, making to know that the sport is life, so comfortable shoes as a part of this life, even when the customers are not sportsmen but they will have the feeling of being involved in environment of active style of life.

Picture 6. Logo



Second important point is the same product, my brand, the page that should be different, special. To make people to remember it and wishes to come back a purchase again. I'm not going to develop the page using a lot of colours; I'm seeking the maximum approach to for example official Nike store. Light grey background, and using other tones of grey or silver. Above of all will be official symbols of presented on the sire brands, Nike, Adidas, New Balance and Reebok. Here, not big but easily falling into eye banners saying about guarantees and origin of the product, clicking on which the client will be directed to the page with submitted documents of products, certifications, etc. Same time, on the main page, it will be more banners saying the prices of delivery that should be minimal and attracting, according the final destination and guarantee of possibility of returning back the product within 14 days. As the one of important points of selling the product, there will be lines with big letters saying about discounts, upcoming sales, free gift of special socks if you buy on special hours, etc. In front I will show few best-seller models, and straight here the searcher with different filters of size, model, and colour. It should be highly easy in use, fast and efficient. I ask the freelancers to build me the web-page (that are home working programmers, they usually ask cheap price for their service, also there is always a risk of non-good quality done work.

Few words of model of interactive project LifeShoes.

## CORE PRODUCT (BASIC BENEFITS)

- Spiritual connection with your dream shoes.

Everyone wear sport shoes for different reasons. It could be the part of everyday, casual style of wearing; someone just pays the tribute to fashion, wearing sneakers of last collections or just some interesting not usual models.

- Product in their real performance.

Product performance is different style of sneakers, of brands Adidas, Nike, New Balance, Reebok. For man and women, all sizes. Items, from collections presented on the official shops in internet that will be always renewing and actualising, plus items of last collections as a discount centre shop. Thanks for installed metrics and systematised saying of customers data, will be reviled the best-sellers, that are going to be on the first plan in the site.

Necessary level of quality performance product with reinforcements. As it was said before it will be published licences, necessary certifications of products. It will hired the professional photographer for making high quality 3D pictures of all products and videos with a 360 degrees observation.

Thus, we can say with certainty that the range of the portal LifeShoes will satisfy the desire of buyers.

## 6.2 Price

Price - the amount of money or other property that the client changes to the benefits of possession or use of a product or service.

Pricing policy goals:

The main objective of the project "LifeShoes" is to maximise revenue in kind or in value terms. Unfortunately, I'm quite dependant of the supplier, that have their big warehouse in Moscow, but from another side I'm going to know that my competitors are most probably buying in the same place, so they have the same price. So my strategy will be adaptation, to some of competitors, but same time maybe having a bit less price in the stage of introduction - to gain the clients base. Regards to the strategy of focusing, it is going to work good,

because my main target is people with low-middle income, that are going to be interesting in having low price on the product.

Of the main goals we have the following objectives:

1. Long-term and short-term profit maximisation.
2. Economic growth.
3. Occupation stable place in the market.
4. The desire to attract the attention and interest of the buyer.

That I basically need to do is:

1. To keep the price and improve the ratio of consumers to product.
2. The company more profitable to raise the level of consumer assessment than cut prices.
3. The reduction of market share, short-term decline in profits, then - the rise of them.

Project "MyShelf" will propose some activities to encourage to buy more and gain more customers, by this it is meant following:

- In a part of outlet, big numbers of discounts will always be shown, as 30-40-50 percent. In New Year's or before any important holidays, saying the slogan "We go crazy!" giving up to 65 % of discounts, but surely calculated on more high prices.
- Holding share via socks as a gift, or if you buy more than 2 pairs the delivery is free on all new collection or outlet. This will probably encourage buying sneakers for all the family.
- Users who came to the site "LifeShoes" from certain sites (contract will be concluded with these specific sites) will get free delivery.

### 6.3 Distribution.

Location (Place) - all activities of the enterprise, aimed at making a product or service available for the target category of clients.

Since the project is interactive, the business activities will be carried out in the Internet space.

It is advisable to register the domain [www.lifeshoes.ru](http://www.lifeshoes.ru), as a full match of the project name with the name of the website will give more assurance that a prospective buyer gets not to competitors but to us.

The product is purchased and brought to the consumers only by couriers and without passing by any retailing shop, it is calling the direct sellers.

Logistics. Moscow is the mega polis, delivery from one part to another may consume several hours of time, which can be used more productively. There is another important nuance is the level of trust from the buyers. Man thinks that the closer it is to shop, the more it controls the process of buying, replacement, warranty and post-warranty service. False sense of course, but against the peculiarities of psychology it works.

Therefore, in the stage of introduction the shop is going to be positioned for one, two, three areas of the city to become a leader there and will probably spread more with time. The main thing is to base on the certain district but not to overdo it, because buyers from more distant areas of the city may also pay attention to the quality or price of the product, why scare them immediately. I can simply point out that in such areas delivery is today-on-today, in another is today-to-tomorrow (just an example).

The traditional approach to organising the delivery of an online store is the creation of its structural unit - delivery service. Hiring couriers or drivers with cars that work in shifts. This approach has both advantages and disadvantages.

Plus, of course, is the speed of delivery. Couriers will be ready at any moment to deliver the order with an opportunity to organise really express delivery. For example, the "Express delivery in 3 hours is 500 rubles (8 euro)". In my case it is not an oversized item, so it does not require a vehicle for delivery. Disadvantage is the time spent on it to establish a process of courier delivery. The content of your courier does not always work out as cost-effective. There are costs of the following type: time that is needed to instruct a new employee, debugging of business process delivery;

time employees, which is required for the preparation of the accompanying documentation to the order, the calculation of the optimal route, financial costs as overhead, wages and taxes. That's why I'm going to use the service of local couriers company, which work schedule is quite flexible, they work from 8 o'clock in the morning until 22, by statistics the 30% of orders are after 7 o'clock, when the majority of clients are at home, ready to get the product, to try with no rush, that is arising the percentage of purchases.



As it is selling shoes, of which there are several kinds, colours or sizes, and a customer calls and says to you: "I do not know my size, can you bring few pairs to have a choice?" Many courier companies offer this service as the delivery of goods to choose from.

It is still very actively developing a courier's service as responsible warehousing of epy goods at the same place. It is the ideal solution: I will not need a warehouse, all my goods have the number or reference, so could be saved in the warehouse of the courier. It means that I don't need to carry the goods from my warehouse to warehouse of Courier Company, that is saving either the time or money.

In this case, the communication with the courier company is not in the form of physical contact, I can simply get in touch with them by phone or if the things go well - it is sufficient to be done only in an electronic form, generally communicating through personal cabinet. Once I have got an order from the client, I contact to couriers, they bring the product to customer to try, if the client is buying it, the courier receives the payment and pass it to my personal account - when the money is accumulated in a system, I press the "Make a request for the transfer of money to your bank account," and the next day courier company accountant makes the transfer of funds to my bank account. Once a month we can exchange of accounting documents for the best function. It is the form of ideal cooperation online store with the courier company.

#### 6.4 Promotion.

Promotion (Promotion) - action to inform the target group of customers about products or services, its advantages and persuaded to buy.

It is important that your website was a beautiful design that is a pleasure tobut same time it is not just some sort of colour scheme or a picture, but its own personality and comfort in use. So if it's too simple, or looking not well-done, the people will probably will lose their trust in it and would barely stay although the good politics of promotion.

The main emphasis in the promotion of my products will be made on the Internet, as it is the fact my target audience are active users of the Internet.

First of all, it is supposed to create integration with social networking sites such as Facebook and Odnoklassniki and vkontakte (Russian analogs of Facebook), twitter,

livejournal. This primary action will be aimed on make the people to know about the opening of the store, the concept and products presented there.

Another action, is repartee the flyers next to some universities, metro or another crowd places in that districts, where shop will start to provide its service.

New and becoming very popular marketing service in Moscow is wearing the T-shirt with the ads of the Store LifeShoes.ru on it, or to paste stickers with add on the car, it costs almost nothing but can attract people for sure. The message either on sneakers or flyers: logo, web address and what is offered.

Advertisement on asphalt. By law, any outdoor advertising need to be negotiated with the owners. But as a rule, the city authorities simply do not have time or resources to track "marks on the pavement." Therefore, in most cases it's just not needed to be agreed.

Few months before this actions it will be started the same Web-page promotion in major search engines like Yandex and Google, but basing more on Yandex that is used more among Russian population. Unfortunately, this will be done gradually, as the first line in the leading search engines are very expensive. Will be widely used banner advertising and viral marketing.

LifeShoes company plans to use both standard methods of promotion, as well as non-standard.

Promotion via guerrilla marketing tools:

- Seo, Search Engine Optimization. It will be applied complex set of measures to improve the website's position in search engine results on a pre-selected queries with the aim to get into TOP-10 or even TOP-3.

Pictures 7 and 8. Probable combination of the shoes with cloth for the further connection with another sites.



It will be developed some partner connections with another thematically similar sites or online cloth shops, with the mutual exchange of links, for example, in my page will be given some advises with which kind of cloth could be combined that or another sneakers, same time it will be created the forum for users where they can chat and talk, exchange of their opinions and leave their views. Pictures 7 and 8.

Instantaneous increase in the reference weight to the site can lead to sanctions from the search engine Yandex and as a result the site could lost it's prestige or even banned. That is why I prefer to give the major work of my site promotion to professional SEO experts, because they know how to work properly and effectively on external factors promoting your website. With a constant, good collaborating work the site will get the good position in 4-5 month to the peak time of buying sneakers by Yandex Statistics, that last year has reached 57000 times of search by key words "buy nike airman in Moscow" and is expected even more in 2015.

I can hire the site [seo-pult.ru](http://seo-pult.ru) for this service. In the job will be included to find the key words that could bring visitors to my site, for example, typing in yandex search "buy pink sneakers" it will be shown how many persons were searching this object, and will see if there is a reason "to buy" the links to attract people in exactly this interest. Of course, for every key words there is their own price, for the most hot combinations as "nike air max hyperfuse moscow" is more expensive then the same "pink nike sneakers".

- Contextual advertising - this is a very good channel, as it helps to find potential customers at the time of need, users are coming within few ours and the flown is rather big, but its fot short term and quite expensive.
  
- Emotional impact, impulsive.

Viral marketing, with an emphasis on opinion leaders. That should be attracted some persons that are leading some fashion blogs in Youtube, saying they bought some stylish sneakers, referring my e-shop.

The same concept as a viral marketing could be used in Instagram, asking some fashion bloggers with a lot of followers or even some local Russian stars that normally are

not asking to get paid a lot, to submit a picture with presented or bought sneakers from my page, saying that they were satisfied with the delivery service, feedback, etc.

Same time i'm planning open little fashion blog with last news, tendencies and appearing of new collections, tips how to wear, showing famous stars wearing the same, where will be mentioned the partner sites with their links and they will do the same. Where will be produced the exchange of potential customers, that will be very useful as advertisement. Probabl posts on the pictures above.

Pictures 9, 10. Blog posting



- Subscribing by e-mail. Simple spamming formed in the coming months, the customer database. Free and very fast. It will inform our users about new products, discounts and other useful things that can increase the number of repeat visits. Can be integrated with viral marketing.

## VII Selection of the means of payment

Here I'm going to talk about the advantages and disadvantages of the main ways to pay for goods in the shops.

1. Payment by cash couriers. Payment is made at the time of delivery of goods by courier.

The advantages of this method:

- Guarantee receipt of the goods (the buyer) and money (the seller),
- The opportunity to examine the goods and return it immediately, refusing to purchase,
- The opportunity to consult the courier.

This method is one of the most simple, reliable and convenient.

Disadvantages of this method: a significant cost to the courier service, especially for sales outside the city, and the inability to ensure a high level of service and pre-sales services.

2. Payment and receipt of previously ordered goods in the store. This payment method for reliability is not different from a simple purchase in offline store. Buyer placing an order in the online store indicates which of the real company's stores, he wants to get it, and after the deadline gets the goods at the designated store. Anyway this kind of payment is not going to work with the project LifeShoes right because of only internet shop availability.

3. Cash on delivery. After ordering the goods will be sent to the buyer by email. Payment is made at the post office immediately upon receipt.

Benefits:

- There are no geographical restrictions;
- Relatively low cost of delivery.

Disadvantages:

- Inability to preview with the goods (the contents of the postal item can be verified only after payment);
- Unreliability of delivery (goods can be damaged during transportation);
- Considerable time delivery (the highest of all possible options).

4. Payment by bank transfer. After placing an order via the customer invoice that can be paid through any bank cash (for individuals) or from the account (for organisations). For an individual, this method of purchase is not as easy to use - you must first go to the bank to pay, and then wait for the receipt of goods. For this embodiment is characterised by all the

shortcomings of calculating shipping costs and not easy to use, so I am going to avoid it, it work good only for organisations.

5. Payment using credit card. To make a payment the customer enters credit card details in a special screen form and receives a certificate of completion of payment.

Advantage - simplicity of the payment process. Disadvantage - the low level of security of payment transactions.

6. Payment by electronic money and electronic checks. In order to use this method of payment, it should be installed a digital wallet (e-wallet) connected to the system of electronic money.

The advantages of this method:

- High degree of safety;
- Simplicity and convenience of the payment process.

Drawbacks:

- The need to create a purse with electronic money;
- Possible costs associated with payment service payment systems.

This method is ideal for those who frequently shop online, it is reliable and safe.

For secure payments on the Internet must comply with the following requirements:

- Authentication of participants of purchase (the buyer, trading company and it's servicing bank) under the authentication of the buyer (seller) is a procedure that proves (at the level of reliability of the known cryptographic algorithms) the fact that the owner of the card really is a client of the issuer - the participant (servicing bank - Member). Current payment systems. Authentication service bank proves the fact that the bank is a participant in the payment system;
- Payment card details (card number, expiration date, cvc2 / cvv2, and so on. N.) Used in conducting transactions online - trade, must be kept confidential for commercial enterprise,
- Non-repudiation of transactions for all participants' online transactions - trade, is the presence of all participants' conclusive evidence of the fact of purchase (or payment order).
- Guarantee payment for e-store purchase - the presence of commercial enterprises evidence that the order was made.

It can be concluded that the online store has to be informative and should not contain excessive or unnecessary information still have a way to represent the goods, which will be enable to be interesting for the buyers, and gently try to interest them in something else to

remember the store. Then, if necessary, the customer will return to again and again and will advise it to his friends and family.

Optimum and most convenient method of ordering is still the so-called "basket". In all the major stores, it is used in one form or another, but the meaning remains one: basket - just a list of products selected by the buyer at the store (it is almost the same basket in the hands with which visitors walk large supermarket - only virtual).

The choice of software for building online - shops is quite extensive. It is not always the truth that one solution is cheap and impractical, and other expensive and universal. All solutions are designed and created for the public that the purposes for which it will be optimal. One can only note that the most promising solutions open since if you want them, you can add what you need in this particular store for this product, is to take into account the many nuances that will surely attract your customer.

Payment methods as well have a great variety as we can see in the list above. Very convenient option is to pay cash and digital pay cash to the courier, this method I am going to offer in the LifeShoes e-shop at least in the first stage of the project, and less convenient - by bank transfer and mail of Russian Federation. Since from the standpoint of safety, these charges are the more save. In the future we plan to introduce digital cash payment methods.

## VIII. Valuation of financial costs and benefits

### 8.1 Organisational and financial plan.

The registration as an individual entrepreneur must be done in the Assay Chamber of Russian Federation. Any special permits are not necessary to create the online store, since this is a type of advertising through the Internet.

According to the licensing authorities State Inspectorate Assay Office (Ministry of Finance of the Russian Federation):

- Processing time is 14 days.
- The validity 5 years.
- The scope of the subject is the Russian Federation.

Activity is expected to start from February 2015.

An important component of the success of the online store:

- Development of interesting and user-friendly site buyers, credible and reliable.
- Effective business plan.
- Carrying out an advertising campaign on the Internet.
- Flexible pricing policy.
- Careful selection of the range of products.
- Timely update the directory.

Online shop in the organisational plan includes:

- Computer applications,
- Remote office to interact with customers and rapid replenishment of information about the product offering catalogue on the server,
- Couriers.

The room that will host the office will be located at Moscow, per. Turgenev 28 kv7. Individual entrepreneur will open P / C bank CB "VTB 24", by which will be carried out all calculations. The office has a total area of 43 square meters, located in the building of a house. Mode of operation the Internet - shop - 24/7 without holidays and breaks. The main work area will be the site of the store.

The main activity of the organisation's project LifeShoes is selling different kind of sport shoes, boots and their accessories.



The structure of the control subsystem online store website contains the following sections:

- Catalogue;
- Feedback;
- Ability to work with their own orders;
- The administrative part of the online store;
- Import and export goods;
- Management of delivery systems;
- Management of payment systems;
- Management of currencies.
- Management of the catalogue (categories, products, etc.);
- Integration with Content Item (google base and others);
- Integration with accounting and operational records.

In the Internet-shop will work only the entrepreneur, it is not supposed to have employers, so wage costs will not have place. Also the entrepreneur will lead all accounting, reporting, payroll, etc.

This shop includes:

- Control over the work site;
- Resolve problems with the equipment.
- Customer service.
- Advising on delivery.
- Implementation of cash transactions.
- Work with the equipment.
- Incurring liability.

## 8.2 Calculation of costs and incomes.

In the case of LifeShoes, the owner of the online store is the only seller and products, at least at the first stage. Therefore, all profits from the sale of goods, is the net profit. In a table 3 and 4 I provide some costs calculations.

Table 5. Marketing costs.

Kind of costs	Cost per month							Total
	1	2	3	4	5	6		
1. Delivery	190 e	190 e	190 e	190 e	190 e	190 e	190 e	1140 e
2. Warehouse	110 e	110 e	110 e	110 e	110 e	110 e	110 e	660e
3. Phone, internet connection	80 e	80 e	80 e	80 e	80 e	80 e	80 e	480e
	380	380	380	380	380	380	380	2280 E

Table 6. Another necessary costs.

Kind of marketing costs	Cost per month							Total
	1	2	3	4	5	6		
1. Instant cost of developing the page with unique contents, using 3d models, banners, etc.	120E							120E
2. Flyers, t-shirts, stickers on cars.	35 e	15e	15e	15e	15 e	15 e	15 e	125 e
3. Advertisement on the pavement next to metro, universities.		12 e	12 e	12 e	12 e	12 e	12 e	72 e
4. Contextual Advertisement		280 e	280 e	280 e	280 e	280 e	280 e	1680e
5. SEO		200	200	200	200	200	200	1200e
7. Banners advertisement and mailings.		160		160		160	160	640 e
	35 e	697	507	697	507	697	697	3837 E

The traditional formula for profit calculation for any online store looks like this:

$$\text{Profit} = \text{Revenue} - \text{Expenses} = 6234 - 3837 - 2280 = 117 \text{ e.}$$

$$\text{Expenses} = \text{Site} + \text{Warehouse} + \text{Advertising} + \text{Delivery} + \text{Another costs}$$

Sales in the online store are dependent on attendance, average order and conversion.

$$\text{Sales} = \text{Attendance} * \text{Average order value} * \text{Conversion}$$

Conversion is traditionally defined as the ratio of the number of visitors to the shopping. Let's say if the site was visited by 100 persons, in which only 3 persons purchased something, it means the conversion rate is  $3\% = 3/100$ . The average order of the Moscow market is 83,12 (according the actualised currency of 20.01.2015). Let's suppose attendance of 2500, so sales will to be 6234 e, respectively. So the growth profit could be reached in 6 month and will be 117e, but surely it should be understood, such a big attendance will have be reached only by 3-5 month of the site existence. That is good as well, while the March-April are peak month of buying more this kind of shoes and it is probably the attendance is going to be bigger than even expected.

The coefficient of overall economic efficiency

$E = \text{Proficiency} / \text{Overage Costs}$

$E = 6234/6117 = 1,019$

The payback period

$T = K / P = 0,96$  or 11,52 month will be needed to get the payback of the invested capitals.

Where: K = capital investments;

P = profit

## IX. Conclusion.

Experts believe that e-commerce is a key area for economic development in the 21st century. This is undoubtedly true in relation to Russia, where over the next few years will continue the rapid growth of e-commerce. Currently, we are witnessing the rapid spread of the Internet, not only in the cities but also in remote regions of Russia. In my view, a few years in e-commerce will be involved more users, and one in five will be weekly shopping online. Those enterprises that before others will create their representation on the Internet, will have an advantage over those who work exclusively in the traditional form.

In conclusion, the degree project should be noted that all the goals and objectives have been met:

- Was determined the relevance of the e-shop, selling different kind of shoes.
- Were considered the pros and cons of e-commerce.
- Were studied the competitors to get the idea what are their strong and weak point, to develop the competitive strategy of LifeShoes project.
- Was decided the design of the website.
- Was decided the ways of promotion.

According to estimates, it was determined that the project should be recouped through 11,5 months.

The aim of this project was to develop competitive marketing plan of opening the e-shop of sport shoes and boots, so the web-page is one of the most important things it should be noted that in the developed of LifeShoes store interface is successfully combined with either functionality or ease usage.

Developed the most convenient and accessible work potential client, accessible and understandable dialogs. Categorized products with a detailed description with illustrations, flexible ability to search by various criteria, by browsing "novelties" and the best-selling products will leave a good impression on the client. On any product buyer can leave feedback, thereby forming, and additional advertising product. In way to give confidence to the buyer in the safety of their confidential dat, will be presented good quality pictures of products from all sides around, the forum where buyers and users could leave their comments, it will be published the documents of guarantees, certifications, etc.

Various ways of payment and delivery will suit for any customer, because it can receive your order without leaving the house on time. It is possible to flexible work of Logistics

Company and the safest kind of payment - cash in delivery that is the most popular kind of payment in Russian Federation.

Another conclusion is that the promotion is another of the most important parts for the internet shops, that includes in SEO work, different kind of advertisements, as banners, mailings, etc, also as different offers, via discounts, sales, gifts - to obtain even more customers.

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50 million Russians are already in the network [electronic resource]. - [2012]. - Mode of access: <http://rumetrika.rambler.ru/review/2/473>

## VIII. Graphs, tables.

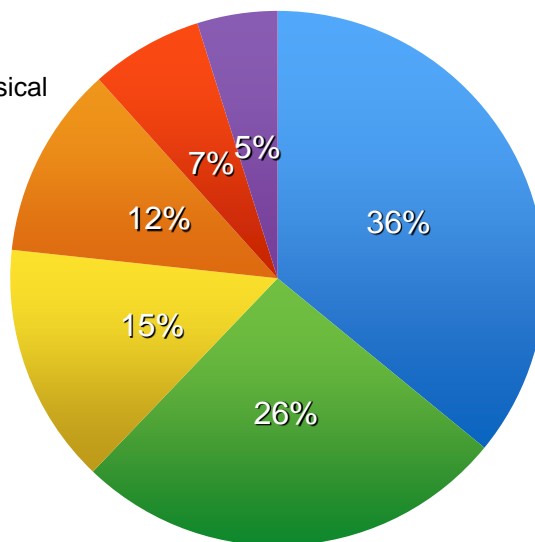
In searching for the niche I have tried different key words in the Yandex searcher. The results obtained above have given me the idea that there is a big interest among buyers in this kind of product.

Image 1. Numbers of times this key-words appeared in the search.

<a href="#">nike.ru каталог</a>	48	<a href="#">new balance</a>	52 806	<a href="#">nike air max</a>	35 511
<a href="#">nike дисконт</a>	4 792	<a href="#">кроссовки new balance</a>	10 701	<a href="#">nike air max 90</a>	9 606
<a href="#">nike каталог</a>	4 346	<a href="#">купить new balance</a>	5 928	<a href="#">кроссовки nike air max</a>	6 318
<a href="#">nike air max 90</a>	9 606	<a href="#">new balance магазин</a>	3 417	<a href="#">nike air max купить</a>	5 081
<a href="#">nike air jordan</a>	2 141	<a href="#">new balance 574</a>	3 306	<a href="#">nike air max зимние</a>	3 019
<a href="#">nike air</a>	58 386	<a href="#">new balance зимние</a>	2 774	<a href="#">nike air max 2014</a>	1 956
<a href="#">nike air veezy</a>	1 507	<a href="#">купить кроссовки new balance</a>	2 363	<a href="#">nike air max 90 купить</a>	1 834
<a href="#">nike</a>	385 351	<a href="#">new balance интернет магазин</a>	2 300	<a href="#">кроссовки nike air max 90</a>	1 717
<a href="#">nike.com</a>	7 388	<a href="#">new balance сайт</a>	2 024	<a href="#">nike air max +с мехом</a>	1 614
<a href="#">nike.ru</a>	4 367	<a href="#">new balance москва</a>	1 977	<a href="#">air max nike мужские</a>	1 581
<a href="#">nike 6.0</a>	585	<a href="#">new balance официальный сайт</a>	1 963	<a href="#">air max nike женские</a>	1 560
<a href="#">nike dunk</a>	1 825	<a href="#">new balance женские</a>	1 873	<a href="#">nike air max vt</a>	1 524
<a href="#">nike sb</a>	2 514	<a href="#">зимние кроссовки new balance</a>	1 516	<a href="#">nike air max 90 vt</a>	1 377
<a href="#">nike air force 1</a>	4 373			<a href="#">nike air max hyperfuse</a>	1 268
<a href="#">nike air force</a>	10 702				
<a href="#">nike cortez</a>	3 631				
<a href="#">nike mercurial</a>	12 309				

Image 2. - Advantages of buying in e-shop. Following diagram will show the scores given by daily internet users about the effectiveness of buying online, the grade of fastness and more advantages.

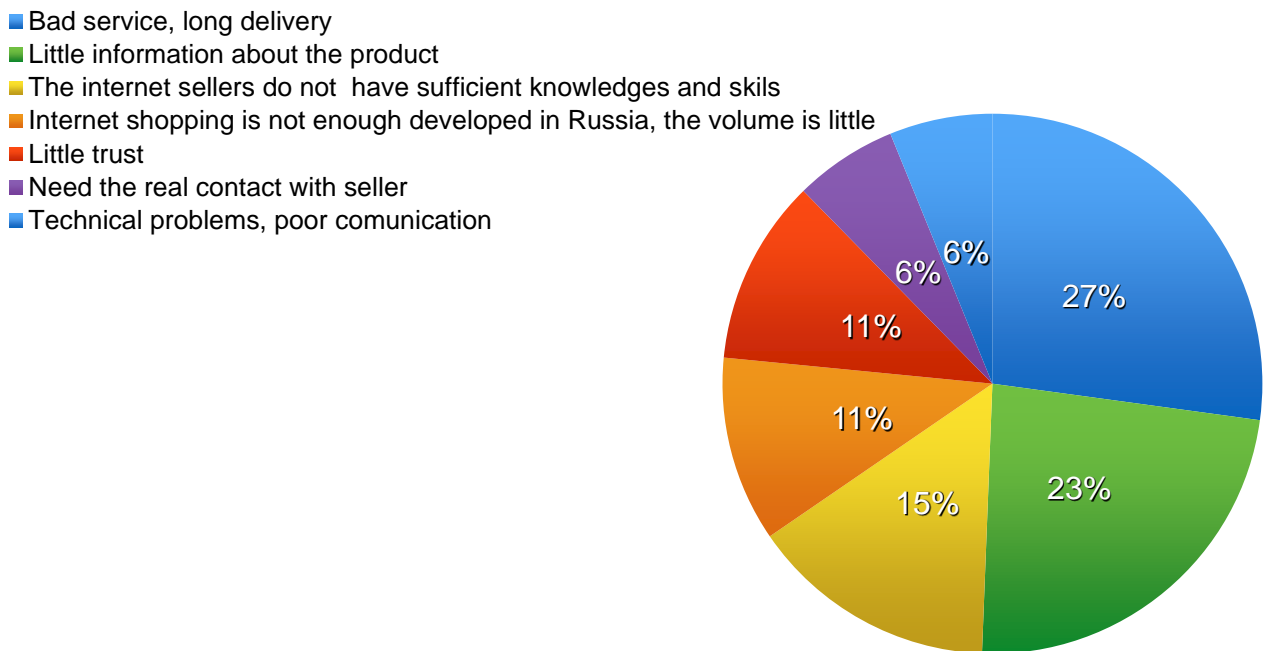
- Comfort of buying in e-shop
- Fast kind of shopping
- Global market
- Is cheaper to buy in e-shop in front of physical
- Expressed the interests of buying online
- Effective for wholesalers



Here, we can see that the majority value the comfort and fastness of buying online.

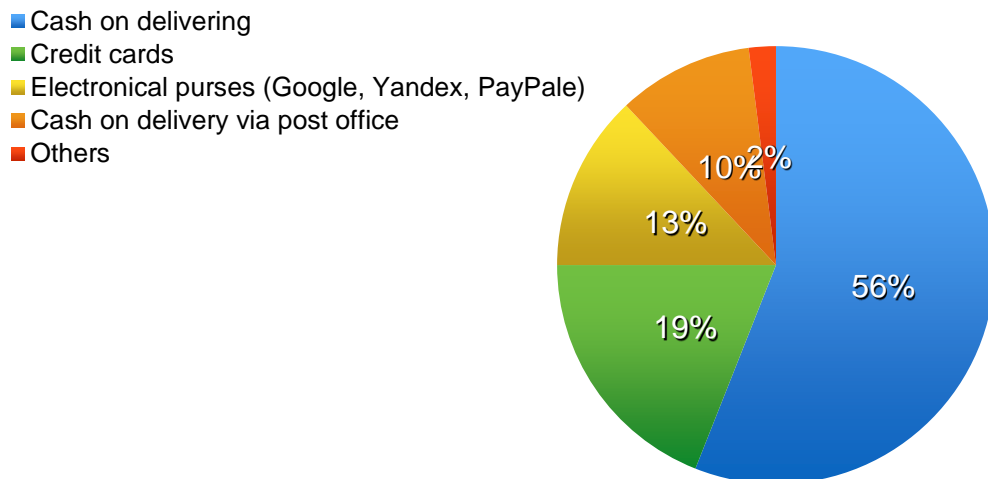
Disadvantages of buying online.

Image 3. It illustrates the grade of non-satisfaction of Internet retail trading and it's negative points.



Almost the quarter (22%) managers of off-line companies consider the main disadvantage of Internet shops is weak delivery of product to buyer.

Image 4. Means of payment in e-shops.



From this diagram we can see, that not in every shop online is possible to pay with online payment systems.



Image 5, 6 and 7. Screenshots from the page [semrush.com](http://semrush.com) that helped me to find the direct competitors and study them. Here I present the fact of [the-shoes.ru](http://the-shoes.ru) online shop of the same concept. Here I could know how much does it spend on its own promotion and which result has is gained. I can see its function is a bit weak for now.

LIVE UPDATE		Competitors in organic search		1,100
Domain	Competition level	Common keywords	SE Keywords	
<a href="http://nikeboots.ru">nikeboots.ru</a>	<div style="width: 20%;"></div>	<a href="#">651</a>	<a href="#">1.1k</a>	
<a href="http://krossmarket.ru">krossmarket.ru</a>	<div style="width: 20%;"></div>	<a href="#">614</a>	<a href="#">1.4k</a>	
<a href="http://outpac.ru">outpac.ru</a>	<div style="width: 20%;"></div>	<a href="#">575</a>	<a href="#">1.3k</a>	
<a href="http://airfoot.ru">airfoot.ru</a>	<div style="width: 20%;"></div>	<a href="#">472</a>	<a href="#">850</a>	
<a href="http://magazin99.com">magazin99.com</a>	<div style="width: 20%;"></div>	<a href="#">439</a>	<a href="#">773</a>	

LIVE UPDATE		Overview	
SEMrush rank		2,939	
SE Traffic		4,792	
SE Traffic price		\$2,048	
Ads Traffic		292	
Ads Traffic Price		\$92	
Display ads		0	

**Traffic** 30 days ½ year year 2 years All time

