Abstract:

The world experience in the development of Internet advertising is summarized and systematized, the possibilities of its application and adaptation to the conditions of Kazakhstan are considered.

The authors suggest innovative advertising technologies for Kazakhstani companies and advertising agencies. New formats and kinds of advertising tools give opportunities to expend budgets of companies more effectively, improving the quality of advertising as a whole, therefore to promote their goods and services more effectively.

The implementation of the proposed recommendations will enrich the Kazakhstan’s science and raise advertising to a new level, it will be actively used in marketers’ work, will help popularize the new communication tools of Internet advertising, attract customers’ attention and promote goods and services of Kazakhstani companies more effectively with low budget.

Keywords: Internet advertising; SMM; mobile, audiovisual, native ads.

JEL Classification: M31, M37, M39, O31
1. Introduction

Internet advertising is a prospective trend of advertising communication in the era of information technologies and an efficient way to promote goods and services in the tough competitive market. Nowadays, Internet advertising is a suite of web technologies for complete market service. It guarantees actual information received through the new, high-efficient marketing communication channels, interactive virtual dialogue between a consumer and a supplier of goods, services, immediate creation of favorable conditions for beneficial transactions. This web segment is required for consumers who need a fast response to the question, with whom it is better, cheaper, more reliable and easier to receive information, make an order and purchase a product or service (Hendrix, 2014).

Many scholars have dedicated their works to separate aspects of the problem of using and development of Internet advertising. Thus, according to study of Schivinski and Dabrowski (2016), the number of people accessing the Internet exceeds two billion four hundred thousand, i.e. 34% of the world's population. Moreover, one out of every seven people in the world has a Facebook profile and nearly four in five Internet users visit social media sites. The advent of social media has transformed traditional one-way communication into multi-dimensional, two-way, peer-to-peer communication. Social media platforms offer an opportunity for customers to interact with other consumers; thus, companies are no longer the sole source of brand communication (Schivinski and Dabrowski, 2016).

The authors applied the structural equation modeling technique to both investigate the interplay of firm-created and user-generated social media communication and examine industry-specific differences. The results of the empirical studies showed that user-generated social media communication had a positive influence on both brand equity and brand attitude.

It was found by Buchanan-Oliver and Fitzgerald (2016) that implementing a total stakeholder approach to dialogic communication proved to be extremely elusive for many organizations exploring social media applications. The empirical findings of this research explore how marketing and communications professionals from a diverse range of industry and agency role contexts view social media, the study presents issues faced by organizations in implementing dialogic communication. It is suggested that these implementation issues inhibit the ability of organizations to move beyond ‘control’ and implement a total stakeholder approach to social media for dialogic communication that can engage with an organization’s stakeholders to gain their support (Buchanan-Oliver and Fitzgerald, 2016).

Gregory Cristal (2014) considers digital advertising, ad serving technologies, ad server reporting, ad server analytics, etc. He gives marketers the ability to deliver and measure their ads for exceptionally low cost, revealing the true value of the ad space they pay for.
The changes in today’s dynamic world of media and marketing communication—as well as the implications of these changes to traditional practice are analyzed by S. Moriarty, N. Mitchell and W. Wells. The study highlights the increasing importance of consumers as the driving force in today’s advertising strategies, social media, and the Internet evolution/revolution, offering an increased IMC and brand focus (Moriarty et al., 2015).

As stated by M. Smith, online advertising is exploding. Growing at a compound annual rate near 20%, it is now the second-largest advertising channel in the United States. The work examines the growth of digital advertising, its enormous potential, and the technologies that are changing the game forever. Leading the way is real-time bidding, which offers advertisers unprecedented precision in targeting ads and measuring their effectiveness (Smith, 2015).

Several works have been dedicated to the problems of promotion in social networks. Thus, based on statistics, experiments and scientific method, it is explained how people behave in the Internet and what benefit one can get from their behavior for one’s digital marketing strategy (Zarrella, 2014). Another study examined the relationship between the number of overall ‘likes’ and friends’ ‘likes’ on Facebook brand pages in influencing consumers’ brand attitude, brand trust, brand involvement, and purchase intention, drawing upon theoretical concepts including diffusion of innovations, social capital theory, strength of weak ties, sociometric versus perceptual popularity, and prior research in online impression formation (Phua and Ahn, 2016).

One more study should be mentioned that is dedicated to the specific kind of online promotion – mobile advertising (Rowles, 2013). It explains how an effective digital strategy is designed and implemented, as well as what tools can be used to measure marketing effectiveness. The study considers mobile marketing in perspective, targeting audiences, mobile platforms, building an app, social media, mobile advertising and offers strategic advice on integration.

However, modern advertising technologies and innovations in Internet advertising have insufficiently been presented in the literary sources. It is necessary to identify the development prospects of Internet advertising in Kazakhstan to promote goods and services more effectively. Failure to solve these problems in modern literature stipulates the current importance of the task set in this study.

2. Concept headings

2.1. The purpose and the concept of the article

The purpose of the study is to study modern popular Internet resources, particularly Social Media Marketing (SMM), to summarize and systematize the world experience in the development of Internet advertising, consider the possibilities of
its application and adaptation to the conditions of Kazakhstan; to analyze the current status of Internet advertising in Kazakhstan and to propose recommendations on implementing innovations in advertising activity in the local market.

The concept of the article is based on the fact that the problem of development of Internet advertising in Kazakhstan in theory and practice of Kazakhstan's science is insufficiently developed. As a result, despite the fact that modern Internet resources are very popular in our country, local companies do not know or do not effectively use facilities and resources of Internet advertising, its perspective kinds and innovative tools.

2.2. Modern Popular Internet Resources in Kazakhstan

To date, the following Internet advertising types are most popular in Kazakhstan: media, written, contextual, teaser, mobile, landing page, video advertising, SMM. Let us describe modern and most popular types of online promotion.

**Video Advertising:** At present, video advertising gains even more popularity in the market, since it has a high involvement capacity and efficiency. Advertising video messages can be integrated in video services as pre-roll, mid-roll or post-roll messages. Before the video starts, the user watches an advertising video message – pre-roll, mid-roll in the middle of the video and post-roll in the end of the video. Users can watch an ad and click a link integrated in the video, or ignore it in 10 seconds after it starts, if they find it uninteresting and less informative. Most popular platforms for video advertising in Kazakhstan are youtube.kz, kivvi.kz, nur.kz, vkontakte.kz.

Video advertising becomes even more popular. It is not only about video portals, but about any other video formats integrated in banners. Most popular video service in Kazakhstan is YouTube, therefore this service data can be used as an overall picture of video format popularity in Kazakhstan. According to the official statistics of TNS, 35% of Kazakhstani users visit YouTube on a daily basis.

Most active audience in Kazakhstani YouTube segment is aged from 18 up to 34 years old. It is a core of this video service, making up more than 90% of audience in Kazakhstan. The audience aged 18-24 ys watches both Internet video and TV, and the audience aged 25-34 ys mostly prefers online video. Older audience over 35 still watches TV.

Distinctive feature of video advertising in the Internet is its dialogueness in interaction between the company that places advertising and the audience that watched an advertising video. Since video advertising is often placed in popular video hosting, such as YouTube, Kivvi.kz and other, audience is able to leave its feedback and form its own video rating. In its turn, the company receives information about the number of views, geographical statistics – place of audience
living, viewing statistics per days. These data enable to estimate advertising efficiency, make conversion forecasts. In addition, video advertising in the Internet is popular due to the low price for video placement (Tim, 2013).

**Social Media Marketing (SMM):** SMM is a type of modern advertising focused on direct interaction with the target audience that is loyal to the brand. SMM is a set of advertising and presentation of a brand in social media. Main SMM concept is to create fine content, both textual and visual. Social media promotion allows for segmenting the audience and identifying the factors that influence it in places where it is mostly presented. Herewith, SMM advertising almost does not involve the audience uninterested in any advertising messages. Social media is a convenient way to discuss and communicate. Therefore, users often prefer to share their opinion in social media, bringing their discussions from forums (Rowles, 2013).

Main social media for SMM in Kazakhstan include:
- vkontakte.ru;
- facebook.com;
- twitter.com;
- ok.ru;
- mail.ru;
- instagram.com.

The most popular social media in Kazakhstan, according to Brand Analytics, is Vkontakte. It is followed by MyWorld and Instagram. At the same time, as to the number of user messages, Facebook takes the second place and Twitter is ranked the third (Brand Analytics, 2015).

According to Brand Analytics (2015), mostly women aged 18-24 ys use Vkontakte in Kazakhstan (56.4%). Number of men makes up 43.6 %. In total, Vkontakte is used by over 2 million active users who leave at least one message a month (Brand Analytics, 2015). It is the most active social media in Kazakhstan, since its core audience is young people.

In the Kazakhstani Internet, female audience prevails in all areas. Women are mostly presented in Instagram, followed by Odnoklassniki and My World networking platforms. The youngest audience is in Vkontakte, the adult audience in Facebook. Number of users in social media in Kazakhstan is as follows: Vkontakte – 2.7 mln, Odnoklassniki – 2 mln, My World – 1.6 mln, Facebook – 0.6 mln, Twitter – 0.3 mln people (Brand Analytics, 2015).

Specifics of every social media determine promotion therein. For example, for Instagram, major content is good photos. They make users interact with the publication, and show their interest to the brand. Anyway, for competent work, one needs always to determine the effect from social media required by the company.
Promotion strategy for every brand is to be individual, based on the company’s tasks and needs.

Main tasks delivered by SMM are:
- increasing brand recognition;
- increasing loyalty to a brand;
- operational feedback to the consumer;
- presenting products and services;
- selling products and services;
- increasing website traffic;
- promoting brand global specials.

Mobile Advertising: Mobile advertising is a type of advertising messages delivered to the user via the mobile device: tablet, smart-phone, mobile electronics and other devices. Requests from mobile devices reach 50% for many product and service categories. Decline of personal computer growth rates is accompanied by the fast growth of Internet access via smart-phones, tablets, and laptops. People more often use a mobile phone to search for the required information and content consumption.

Mobile advertising market expands rapidly every year. It is facilitated by the mobile operators, technics manufacturers and changing legislative base. Since January 1, 2016, MNP was cancelled in Kazakhstan. It means that any user can change his/her mobile operator while keeping the current phone number. In addition, operators obtained a permit for the four generation service LTE 4G. Thus, market competitiveness increases, therefore, operators try to lower their rates and offer better conditions to keep their subscribers. All these factors contribute to the fast development of the mobile Internet in Kazakhstan, while opening new possibilities for advertisers. Types of mobile advertising:

- advertising through the "SMS" service;
- advertising through the MMS service;
- mobile Internet advertising: WAP-sites, website mobile versions or, with the help of mobile operators, placed with pop-up messages;
- advertising inside applications and games for smartphones.

3. Result

3.1. Analysis of the Current Status of Internet Advertising in Kazakhstan

Internet advertising in Kazakhstan has been developing since 2008. In the first instance, it is associated with development of broadband access to the Internet. Internet market in Kazakhstan shows high growth rates, despite adverse events. As the Internet market actively grows in the economy, Internet advertising increases at comparable rates and even more dynamically, which at present takes a significant
share in the advertising sector in Kazakhstan. Growth of Internet advertising market is also forecasted before Expo 2017 and Winter Olympic Games.

At present, advertising market in Kazakhstan amounts to around USD300-350 mln, of which USD 200 mln come to TV advertising, USD 60 mln – to outdoor advertising, USD 25 mln – to printed press, USD 20 mln – to radio, USD20 mln – to Internet advertising. This market comprises 400-500 Kazakhstani companies from different economy sectors (Forbes.kz, 2015). Figure 1 demonstrates that in 2014 Internet connectivity in Kazakhstan made up 66%, daily Internet coverage reached 41%.

**Figure 1: Internet connectivity among population aged 15+ ys**

![Internet connectivity among population aged 15+ ys](chart1.png)

*Source: Forbes.kz, 2015*

Figure 2 demonstrates that even more people accessed the Internet to consume its content. From the viewpoint of Internet advertising, it indicates significant communication channel expansion with the potential advertising consumers.

**Figure 2: Internet coverage among people aged 15+ ys**

![Internet coverage among people aged 15+ ys](chart2.png)

*Source: Forbes.kz, 2015*

Figure 3 is based on the relevant data of TNS Gallup Media Asia (2015). It shows that the most relevant audience for Internet communication is people aged 15-44 ys with middle and upper middle income. Despite the female audience prevailing in the Internet, according to the affinity index, male audience is more attractive as to
advertising communications, with the affinity index of over 100%. It means that the advertising message is more targeted and reaches the required consumer (Powerbranding, 2014).

According to TNS Gallup Media Asia (2015), every sixth person uses the Internet for different purposes. Eight out of ten young people aged 19-24 y.o., access the Internet monthly. The Internet is similarly used by men and women. The Internet audience growth is due to the active use of mobile devices by Kazakhstani people and increased share of users of middle and older age.

**Figure 3: Internet audience in Kazakhstan**

Source: TNS Gallup Media Asia, 2015

**Figure 4: Monthly Internet connectivity by gender**

Source: TNS Gallup Media Asia, 2015
On average, people spend in the Internet 126 minutes a day, and 86 minutes a day in the mobile Internet. The users spend 26% of time in social media, 12% of time – watching video, 7% – checking mail, 3% – for news.

Figure 5 shows the growth of Internet connectivity among all age groups, other than user category aged 55-64 y.o. Growth of younger audience (15-25 year-olders) slowed down among men, it means that there is the growth among older audience. With regard to women, the growth among young people stays unchanged.

**Figure 5. Dynamics of Internet connectivity by gender and age**

**Source:** TNS Gallup Media Asia, 2015

**Figure 6: Dynamics of Internet connectivity in the large cities with population of over 200,000 people**

**Source:** TNS Gallup Media Asia, 2015
The most Internet connectivity is observed in the cities of Astana (87%), Almaty (66%), Pavlodar (64%). Connectivity growth rate is more dynamic in Uralsk, Semei and Pavlodar.

**Figure 7: Dynamics of Internet connectivity in the small towns with population under 200,000 people**

![Figure showing dynamics of Internet connectivity in small towns](image)

**Source:** TNS Gallup Media Asia, 2015

High Internet connectivity is typical of the towns of Atyrau (79%), Kostanai (75%), Petropavlovsk (68%). Connectivity growth rate is more dynamic in Kostanai, Petropavlovsk and Temirtau.

**Figure 8: TOP 10 Internet activities among Internet users in the dynamics for 2011 – 2014**

![Figure showing top 10 Internet activities](image)

**Source:** TNS Gallup Media Asia, 2015

The most dynamically growing interests are watching movies and news. The most popular interest among Internet audience is mail, information search and watching movies. At present, technologies allow the end user to get closer to the content.
Growth of interest to the news segment is due to the ever changing world situation, the users want to know the latest news at the soonest. Movie watching also shows stable growth, since the video segment increases every year, and it would be one of the priority communication channels in the Internet.

**Figure 9: TOP 10 Internet activities by age of Internet users**

![Figure 9](image)

Source: TNS Gallup Media Asia, 2015

Young Internet audience (15-24) is most interested in contacts (53%), online games (46%), music (44%) and social media (43%). Middle-aged Internet audience (25-35) is interested in online purchase (41%), communication (33%), watching movies/information search/listening to music (32%).

**Figure 10: Social media connectivity and popularity among Internet users**

![Figure 10](image)

Source: TNS Gallup Media Asia, 2015

My World and Odnoklassniki websites are media with most coverage (over 50% of Internet users). Vkontakte is the most dynamically developed social media (Frolova, 2015).
The youngest audience of users is in Instagram, V krugu druzej, Twitter, and the oldest audience is in Odnoklassniki, My World, My Nur. The highest profitable audience is in My Nur, Instagram, and Facebook.

### 3.2. Mobile Audience in the Internet in Kazakhstan

Mobile devices catch PCs in potential coverage. On average, for the last years people became more mobile in Kazakhstan. For work and Internet access, they do not need any stationary and clumsy computers, since tablets, smartphones or laptops can perform all basic functions.

### Figure 12: Monthly coverage of different devices with Internet access among users

**Source:** TNS Gallup Media Asia, 2015
Figure 13: Monthly coverage of different devices with Internet access among users in the dynamics

Source: TNS Gallup Media Asia, 2015

While PC growth rates are falling down, there is the rapid growth of the Internet accessed from smartphones, tablets, and laptops. First, today, smart phones and mobile devices are more available, second, only narrowly focused specialists use PCs. Additional spur for mobile devices is development of mobile networks and the increased Internet access speed provided my mobile operators. In 2016, the tendency did not change, since in Kazakhstan all large mobile operators will be able to provide 4G LTE Internet with high speed (Abylgazina, 2015).

Figure 14: Use of different devices with Internet access among daily, weekly and monthly audience of Internet users

Source: TNS Gallup Media Asia, 2015

One tenth of monthly audience of Internet users can be covered only from smart phones or mobile phones. 11% of monthly Internet audience of Kazakhstan can be covered only through advertising in mobile devices (tablet/smart phone/mobile phone).
Tablet users are frequent guests of the Internet: 66% of users access the Internet several times a day, more often than smartphone and mobile phone users by 13.8%. A tablet has a more convenient form factor for comfortable surfing in the Internet. As a rule, size of an average tablet is 10 inches. It is more convenient to view pages, than from the mobile phone. In this case, the tablet is a middle part between smartphones and personal computers. Tablet category can also include devices 2 in 1. These devices combine a keyboard and a tablet, but the tablet can be used without the keyboard. Such devices are called transformers.

Source: TNS Gallup Media Asia, 2015
Population aged 15–35 ys is the most relevant audience for communication through mobile devices. Growth of audience 35+ among the mobile Internet users indicates gradual aging of this group. According to the research of the Analytical center The International Data Corporation (IDC, 2015), in 2016 44% of the planet population will be provided with Internet access, and 2 bln of them will prefer to access the Internet from mobile devices.

According to experts, up to 2020 the number of mobile users will be increasing by 2% yearly — until invention of the new revolutionary devices with World Wide Web access. “Within the next five years, global growth of people surfing the Internet from mobile devices will be 25% per year. Time spent in smart phones and tablets will also increase. This change in user’s attention is the powerful driver for development of mobile commerce and mobile advertising”, states Scott Strawn, Program Director in Strategic Advisory Service (Scott, 2014).

Studying what people do in the network showed that certain activities attract billions of people. For example, over 1 bln of people use Internet banking, streaming music services and recruitment services. Over 2 bln use email and read news online. And more than ever users do shopping online. Researchers think that the more time and money people spend in the Internet, shifting their assets to mobile devices, the larger the budgets planned by advertisers for mobile promotion. Companies and brands are ready to respond adequately to the changing consumer behavior and preferences, as IDC supposes (2015).

There is a correlation between the age and duration of the mobile Internet use. Audience aged 15-19 ys spends more time in the Internet accessed from mobile devices. 29% use mobile devices to access the Internet for more than 2.5 hours, 67% of adult audience aged 45-54 ys watch content from mobile devices, on average, for 1.5 hours.

**Figure 17:** Daily duration of the Mobile internet use among different age groups

![Bar chart showing daily duration of mobile internet use among different age groups](image-url)

*Source:* TNS Gallup Media Asia, 2015
3.3. The Internet as Compared with Other Media Channels

Within successful advertising campaigns, different communication channels are employed. Every channel has benefits to others; therefore planning of the advertising campaign should consider specifics of every channel. Figure 18 demonstrates the statistics by different popular communication channels, applied for advertisement placement.

**Figure 18: Potential media channel coverage among people 15+ in cities with population over 200,000 people**

![Potential media channel coverage chart]

*Source: TNS Gallup Media Asia, 2015*

According to TNS Gallup Media Asia (2015), the Internet occupies the 4th place for potential audience coverage in Kazakhstan. Press and radio are ahead with a small difference. And TV has the leading position.

**Figure 19: Distribution of Internet audience by income level**

![Distribution of Internet audience chart]

*Source: TNS Gallup Media Asia, 2015*

As stated in the research of TNS Gallup Media Asia (2015), in Kazakhstan 31% of Internet audience has the high income level, 28% – middle income level, and 22% – low income level.
Over one third of people, regardless of the TV consumption level, often use the Internet channel. It is about the audience intercrossed and these two channels actively compete against each other for consumer attention.

**Figure 20: Comparison of TV and Internet use among the audience in Kazakhstan**

| TV Consumption Level | Use Internet Very Often | Use Internet Often | Use Internet Rarely | Do not Use Internet |
|----------------------|-------------------------|-------------------|---------------------|---------------------|
| Heavy TV             | 38%                     | 40%               | 4%                  | 41%                 |
| Moderate TV          | 31%                     | 31%               | 9%                  | 4%                  |
| Light TV             | 18%                     | 19%               | 3%                  | 2%                  |
| Do not watch TV      | 61%                     | 69%               | 6%                  | 5%                  |

**Source:** TNS Gallup Media Asia, 2015

### 3.4. Overview of Web-Sites in the Internet of Kazakhstan

According to relevant statistical data of TNS Web Index, the most popular web-sites in the Kazakhstani Internet are Mail.ru, Nur.kz и kolesa.kz.

**Figure 21: Web-site coverage for 2015**

**Source:** TNS Gallup Media Asia, 2015
The fourth place is occupied by zakon.kz, followed by Odnoklassniki and tengrinews.kz. The list is closed with bnews.kz, with monthly visits of 506,000 unique users (data source: Zero.kz. counter for Quarter 1, 2015; over 4,500 websites in the database and TNS Web Index).

Year 2015 became critical for Internet advertising in Kazakhstan. Daily mobile traffic exceeded 50%. The major reason of high traffic consumption from mobile devices is the frequency of their use during the day.

**Figure 22: Budgets for web-sites, banner advertising for 2014**

![Budgets for web-sites, banner advertising for 2014](image_url)

**Source:** Thomson JW, 2014

According to J. Walter Thomson (2014), the largest budget for a web-site was registered with mail.ru (USD 4,795,000). It is followed by such platforms as nur.kz (USD 2,502,000), zakon.kz (USD 2,199,000), tengrinews.kz (USD 2,025,000), kolesa.kz (USD 1,573,000).

4. Discussion

4.1. Implementing Innovations in Advertising Activity in Kazakhstan

Every day, new platforms, services and applications appear in the Internet. They accumulate potential audience for the advertisers. Herewith, many new products offer new and unusual advertising formats. Most such solutions are not popular among advertisers, but some innovations find their continuous place as a tool for many companies.

Most new advertising formats appear due to the technologies development. Electronics manufacturers improve interfaces and bring new formats of the devices to the market. Every year they become even more autonomous. “Growth of the global ad market is being driven by advances in technology, especially mobile and
programmatic tech,” notes Steve King, of Zenith Optimedia CEO (Zenith Optimedia, 2015).

As a result of insufficiently developed Internet advertising in Kazakhstan, local companies do not know or do not effectively use its facilities and resources, perspective kinds and innovative tools. To solve this problem, the authors recommend innovative modern solutions in digital advertising, which continuously gain popularity and prove its efficiency in practice.

According to Zenith Optimedia (2015), in 2018 mobile advertising will get an advantage on desktop advertising and will make up 50.2% of entire Internet advertising. Mobile advertising will have reached USD 114 billion by 2018, while at present it is under USD 50 billion. It will leave behind all other media, other than TV advertising, which will have made USD 215 bln by 2018, and now it is USD 206 bln.

Mobile advertising is “responsible” for almost entire growth of advertising costs. According to the forecast between 2015 and 2018, it will grow by 32% per year, and will make up 87% of all advertising costs in the world market. Its peak (USD 114 bln.) will be reached in 2017, and in 2018, it will decrease down to USD 113 bln.

4.2. Programmatic RTB Advertising will make up 60% of All Display Advertising by 2016

Programmatic is a type of RTB advertising (real-time bidding) – the real-time advertisement purchase. The system works as an auction and selects the set target audience on platforms, and, according to targeting and preferences, shows the required advertising message. Operations in the Internet advertising market increase, resulting in the increased demand for technologies, automated advertising traffic sale and purchase processes, advertising personalization. Thanks to user analysis in the Internet with social media and cookie files in personal computers, Programmatic accurately segments the target audience. Shown price will directly depend on competition in the target group. For the maximum effect, all popular platforms in the Kazakhstani Internet should be connected to the RTB system.

Advertising traffic cost is based on completeness of the web-site data and correspondence of the current visitor interests to the interests of the advertiser. The publisher can set the minimum advertising show price in its web-site. Besides, the publisher can filter advertisers by the topical lubricator, thus allowing for accurate specification of its potential customers, or manually by lists.

In Kazakhstan, the RTB system has been integrated for a long time, but, unfortunately, it has not found its application yet. First of all, it is associated with the fact, that its correct operation requires the user database and cookies updated every 30 days. Such files are located in users’ devices and contain information about
preferences and web-site traffic. Such database in Kazakhstan can cost up to USD 50,000 and, considering the market, such database purchase will be unprofitable both for advertising agents and for advertisers. For them, the system operation price will be much higher than in the developed countries.

Solution of the problem with the user database will change the situation in the Internet market of Kazakhstan. Readiness of the platforms for transition to the new modern format is an important factor, but anyway this system is acknowledged worldwide. Every show is purchased in the split second – during page download – the RTB system can immediately hold an auction. As a result, the best advertiser offer appears before the user, which is most interested in it (RTB, 2015). Answers to the question “Why don’t you use RTB in Kazakhstan?” are:

- we are not ready for it yet;
- RTB is only another way of purchasing advertising for brands. Its benefits are not evident;
- RTB advertising is not regularly requested from us. This channel is not really popular;
- we do not possess inventory sufficient for such completely automated system.

The big factor preventing RTB from coming to the market of Kazakhstan is that the platforms do not see sufficient number of advertiser to purchase advertisement via RTB, while competing with each other and proposing the higher placement price. Such situation may be due to market segmentation, divided into many different zones to sell and purchase advertising by specific players.

In 2015 RTB advertising made up 53%, and was supposed to reach 60% in 2016. In 2012 it was only 12% from all display advertising worldwide, and program advertising costs increased from USD 5 bln up to USD38 bln, making up around 100% growth per year for the period from 2012 until 2015. Its growth slows down, but its expected volumes will reach 34% in 2016 and 26% in 2017. The largest program advertising volume is registered in the USA: USD 16.8 bln in 2015, making up 44% of world costs for this advertising. Great Britain takes the second place: USD 2.6 bln and 7% of the world market.

Finally, many advertisers started seeing RTB purchasing as a sale tool, a substitution for classical media planning. Herewith, work with accumulated data is still a difficult task for many ones, therefore, the market saw not many advertisers purchasing via RTB.

4.3. Internet Will Leave TV behind in 2018

At present, TV is dominant in the advertising market, with 38% of all advertising budgets in 2015. In 2018, the situation will change, and the Internet will become the
largest advertising media. This forecast can be projected to Kazakhstani online market, since basing on data of Internet connectivity through the country, and improved Internet as a whole; we can suppose the rapid growth. In addition, new amendments to the Law “On TV and Radio Broadcasting”, prohibiting Kazakhstani advertisers to place advertisements in foreign TV channels (satellite networks) from January 1, 2016, will also push relocated advertising budgets to the Internet.

4.4. Audio-Visual Advertising Becomes More Important For Brand Promotion

Audio-visual advertising – TV plus online video – gathers speed in display advertising. TV has unprecedented coverage, and online video can offer accurate targeting and personalization of marketing messages. Audio-visual advertising made up 48.4% of display advertising in 2015, and will reach 48.9% in 2018, while in 2010 it was only 44.1%. Multiscreen development, successfully combining audio-visual and video advertising, will also add to it.

4.5. Online Video Advertising

Every day, Kazakhstani users consume more video content. It is accompanied by the beneficial infrastructure developed for further growth in this segment. For example, the most popular video service in the world, YouTube, opened its representation office in Kazakhstan, enabling to monetize the content and track local trends. Video content is a unique method of communication with a consumer. Video simplifies demonstration of any product or service advantages, of its features, dimensions, color, and showing the product in use. According to statistics, every second person searching for any comments for a specific product or service addresses to YouTube.

According to Forbes (Forbes.kz, 2015), in spite of good indicators of online video advertising growth in the World Wide Web, the companies presenting the trademarks still do not consider online video as an alternative to TV. Over 48% of corporations diversify their media budgets, while allocating money to the Internet and traditional carriers – the press and TV. Experts forecast that in the nearest future even more advertisers wish to place their advertising in the Internet. Herewith, they tend towards new online advertising formats, such as video, and gradually step away from the conservative tools, such as banners.

Nevertheless, traditional Internet advertising mechanisms will stay, since they still show the good performance indicators. Most probably, any compromise will be found, when classical online advertising tools will evolve, increasing and improving in its quality, functionality and impact, together with market development.

4.6. Multiscreen

Video is a growing engine in the online advertising market; it is used in the Internet more often. At the same time, the user can consume up to three screens. Laptops and
personal computers are only one of versions of the devices to watch video. Today, the user decides when and how to watch. As a result, besides additional devices with screens (smart phones, tables and etc.), the TVs with Internet access are serious competitors to traditional TV (Ivanov et al., 2014).

Multiscreen strategy is a right decision for advertisers: it allows reaching the target audience, regardless of the device used to watch video. All video campaigns are targeted at the required audience by set parameters. Interaction mechanics is as follows. Wherever the user goes, content is always at hand. While watching a program on TV, it can be retranslated to a smart phone or tablet, and you go out for any business, while keeping watching it, with good Internet connection provided.

Another multiscreen ability is working with augmented reality. In this case, the mobile device can provide additional information and engage users into the interactive content. In Kazakhstan, channel 7 tried that technology in the entertainment show BOOM. On the air in TV, users could watch the program and try to answer the questions asked by the host as participants with their smartphones. Such interactive experience achieved the participation effect in the program studio.

4.7. Native Advertising

Native advertising is one of Internet advertising trends observed for several years and continuously improved; it smoothly integrated into the platform interface. It is a personalized advertising that can include storytelling, test posts, video, notes and graphics.

According to the statistics, a usual person receives over 5000 advertising messages per day. Banner and other advertising annoys and is negatively accepted. Therefore, people tend to ignore direct advertising. Native advertising looks like the useful content that one wants to interact with: useful information, entertainment, advice, and inspiration. Such advertising does not look like advertising. It is accepted as a part of a web-site, application or article. According to the recent research (Kuzeev, 2015), native advertising attracts the users by 25% more often, than usual banner ads.

Native advertising advantages are:

- placement in places where the user can see it and is ready to see it;
- continuous effect and increased time of interaction with potential clients, as well as due to the virus component of the content it is bound with;
- increased loyalty to the brand by placing something the user is interested in into the content;
- increased loyalty to the platform it is placed on, due to no aggressive advertising formats;
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4.8. Big Data Possibilities in Modern Internet Advertising

Big Data is accumulation of the big data volume. Big data collection and analysis during advertising campaign development is majorly required to increase its quality and receipt of insights about the target audience. Recently, the Big Data analysis was unavailable, but with the Internet development, gathering of arrays of information became real. User information gathering is continuous – in mobile phones and tablets, while watching TV, in email, games and applications, social media and different web-sites. Via the Internet, users continuously leave their personal information, gathered and analyzed by some large advertising agencies and services. Thus, the search system Google definitely knows your interests, tracks your movements and provides advertising based on this statistics.

Technology development simplifies big data gathering and storage. With technological growth, data volume also increases. Nowadays, for the relatively small

- no (at present) blocking methods for such advertising by any software, excluding blocking certain elements like video, graphics;
- multiplatform support. Such information will be well-readable either from computer screens, or from mobile devices, tables and other gadgets.

Native advertising can be divided into 3 basic types – sponsor promotion, recommended content and advertising in social media newsfeed.

**Sponsor promotion** – this type of native advertising is similar to the product placement method applied in movie production. In this case it can be a sponsored article in Mass Media, blogger content, etc. Famous person can wear brand watch and any advertised product can appear in a shot or video. Such advertising type is expensive, but efficient and trustworthy among users.

**Recommended content** – this type of advertising appears in social media, video services, blogs and online Mass Media. After reading an article, the user is offered similar articles in the next column. There is a special unit with recommended video service in YouTube. Such advertising is very unobtrusive and attracts the users. In mobile phones, the users can be recommended the promoted mobile application based on their interests. In YouTube, it is a promotion video, in social media and websites it is a recommended advertising article.

**Native advertising in social media** – it is one of the most low-cost native advertising, appearing even more often. Facebook integrated such advertising format long ago, in Vkontakte, Twitter and Instagram, such advertising has appeared recently. While watching the newsfeed in social media, besides friends’ posts, the user is demonstrated advertising posts that promote brands. As a rule, effect from such advertising is much higher than that from traditional advertising. In addition, users are readily involved in post discussion, repost and click likes.
budget, one can purchase a drive with capacity of storing the music of the world (RTB, 2015b).

However, the problem of Big Data analysis is, first of all, in the fact that its gathering requires large expenses. In Kazakhstan, nobody wants to pay for such data, and it is not cost-efficient and unprofitable to gather it for internal needs. Big Data work will aim at additional profit; we will have to solve problems created by this big data. McKinsey marks new horizons in seven items:

- Big Data found its application in every sector and became an important production factor;
- Big Data create value by several methods;
- Big Data usage will become the key competitive indicator for private firms;
- Big Data usage will underlie the new growth in profit and efficiency;
- Big Data is applicable in every economy sector, but in some of them, Big Data will be more profitable;
- lack of experts capable to work with Big Data;
- to take full advantage of Big Data, some difficulties should be mastered.

Big Data possesses the potential sufficient to change the current economy situation. Since company competence in Big Data use will be the key competitive factor, new competitors will appear, proactive and creative in data – they know which data should be collected, how to access it and analyze, without violating the law. Big analytical data should be efficiently applied together with RTB, mobile, banner and contextual advertising.

Kazakhstan companies need staff of appropriate specialists and large costs to implement Big Data in their activities. It is feasibly for large national companies and advertising agencies that possess sufficient financial resources and have the opportunity to train their employees to work in Big Data. For this purpose it is necessary to form alliances, pooling the resources of several companies, and invite foreign competent specialists for the training of domestic analysts.

### 4.9. Advertising in Wearable Devices

It is a type of advertising shown on personal wearable devices, for example, smart watches and personal trackers. At present, such advertising is not widespread. For 2015, advertising costs for this type made up only 1.5 mln dollars. However, Juniper Research analytical agency concluded within its research that the company budgets for promotion in wearable devices, in particular, smart watch, will make up to USD 68.6 mln by 2019 (Samuely, 2015).
Juniper Research experts summarize that such significant growth will be caused by wearable devices of such high-tech brands as Apple which facilitate to broad coverage of the new audience due to expansion of the new gadget concept. Researchers emphasize that an additionally used screen will stimulate advertisers’ interest (Samuely, 2015).

In addition, companies will have to develop and integrate the new advertising formats capable of adapting advertisements to the limited smart watch interface. There is one more challenge for brands: behavior of the owners of wearable devices is not similar to that of smart phone users, since attention paid to this gadget is different: seconds vs minutes. Thus, brands must involve audience for the shorter period of time.

Juniper Researchers suppose that programmatic technology will be popular among advertisers intending to order smart watch promotion, since this trend lately has become one of the main digital market drivers. Consumption market in this wearable electronics area in Kazakhstan gradually gains popularity. Large electronics manufacturers, such as Samsung, LG, Sony, have already started active promotion of smart watches in the Kazakhstani market, therefore, in the nearest years, we should expect this type of advertising to appear.

4.10. Geo-targeting Applications

This type of advertising opens new possibilities to be closer to the user. When a person is next to the shop or café, a smart phone shows an ad about sale or special offer in this place. Thus, brand can communicate with special messages in the right place and at the right time. It is a good example of combing the online and offline advertising for maximum efficiency. Shops that tried geo-targeting applications in their business noted 26% traffic increase and increased profit by 7% (Shuklin, A. 2015).

Today, every modern city resident has a smart phone. Consequently, geo-targeting applications are a relevant innovative tool for Kazakhstani companies. The largest players that apply geo-targeting are presented at the world level. Thus, Google actively uses geographical positioning resources for its mobile advertising promotion. In addition, interesting solution is Google Goggles – geo-search by pictures. If one sees an interesting building, but does not know its name and its remarkableness, or a person found an interesting district and wants to know why such architecture is applied here, one can use a visual search. It is required just to take a picture of an object, and using its picture together with geographical data Google will try to find an answer from the personal smart phone.

Today many companies offer geo-targeting services, and such approach enables to significantly optimize financial costs for advertising. Apart from the desktop platforms, mobile devices allow making any service offer more relevant and
modern. With mobile platforms, geo-targeting obtains new value – ability to inform the potential consumers about oneself at the place of their location at that time.

Unfortunately, many Kazakhstani enterprises do not have information about the considered above innovations in online advertising, and therefore do not make full use of all their capabilities and resources. To compete successfully in the market, domestic companies need to learn international experience, to organize training of their marketers and advertisers, and implement the proposed types and tools of Internet advertising in their activities.

5. Conclusion

Now in the theory and in practice fundamental researches on Internet advertising, its types and tools are not carried out. The problem of perspective kinds and possibilities of Internet advertising using in the activity of Kazakhstani companies is not well studied and is not sufficiently designed in the domestic literature. So the authors have summarized and systematized the world experience in the development of Internet advertising, have considered the possibilities of its application and adaptation to the reality of Kazakhstan’s market.

To date the following Internet advertising types are most popular in Kazakhstan: media, written, contextual, teaser, mobile, landing page, video advertising and Social Media Marketing (SMM). Internet market in Kazakhstan shows high growth rates, despite adverse events. As the Internet market actively grows in the economy, Internet advertising increases at comparable rates and even more dynamically, which at present takes a significant share in the advertising sector in Kazakhstan. But local companies do not know or do not effectively and sufficiently use facilities and resources of Internet advertising, its perspective kinds and innovative tools.

The authors have identify new opportunities for more effective use of Internet advertising, have elaborated the development prospects of Internet advertising in Kazakhstan and propose to implement innovations in advertising activity of national companies.

Every year, new modern and more efficient advertising tools appear. According to experts, in the nearest years, video advertising, mobile and contextual advertising will be dominant. They are followed by Real Time Bidding, which is not popular in Kazakhstan for now. However, with innovations development, new electronic devices appear which can become advertising suppliers for the end target audience. Tendency to market saturation with wearable devices shows that by 2019 this market will have become popular, and personal devices, such as smart watches, will be as ordinary as smart phones.

New formats and types of advertising tools allow for more efficient budget spending, while increasing the advertising quality in general. In addition, with Big
Data development, the ability of accurate audience segmentation arises. In this case advertising will be positively accepted by the end target audience. Therefore, even now Kazakhstani advertising companies should use new communication tools more actively, with due regard to the changing innovative area of advertising Internet market, both worldwide and in Kazakhstan. The above types of Internet advertising will be useful and effective to use in practice in Kazakhstan. Therefore, local companies and advertising agencies need to adopt the proposed innovative online advertising tools, as this will allow them to improve the efficiency of their activities.

The authors hope, that the implementation of the proposed recommendations will enrich the Kazakhstan’s science and raise advertising to a new level, will be actively used in marketers’ work, will help popularize new perspective kinds of Internet advertising, attract customers’ attention and promote goods and services of Kazakhstani companies more effectively.

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