

BUSINESS COMMUNICATIONS MANAGEMENT ON THE INTERNET – GLOBAL PRACTICES AND THEIR DIMENSIONS IN BULGARIA

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Introduction

The correct positioning of Bulgarian companies in the digital reality and the ability to implement adequate communication strategies on the Internet in the process of digital transformation are among the factors for their market success.

Despite the gained empirical experience and the availability of sufficient volume of work on the topics “Digitization of communications”, “Internet marketing”, “Communication strategies on the Internet”, etc., the data of a number of influential studies of the environment on a global and regional scale suggests that Bulgarian companies are lagging in terms of efficiency of communication approaches of global trends.

The hypothesis of the authors is that at the strategic level in the formulation of communication programs and at the operational level when creating, maintaining and using a basic set of communication tools, the Bulgarian companies do not understand and do not take advantage of the possibilities of the digital environment.

In details, the above mentioned hypothesis can be reduced to four assumptions:

- There is a mismatch between the level of readiness of the environment (consumers – households and individuals) to use different forms of internet communication in their everyday life and the level of maturity of the companies offering adequate volumes of information through relevant channels;
- the Bulgarian companies are lagging behind and are not prepared adequately to use social media and networks in managing their public and commercial communications;- In advertising communications there is a lag in investment volumes and caution for applying new advertising forms in the Internet;

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- The high degree of penetration of mobile-Internet technologies and devices does not find an adequate response.

The goal of the study is to outline where Bulgarian companies lag in terms of digital transformation communications and to propose solutions in the management of business communications of an individual organization.

The main tasks are:

- Analyse global trends in business communications in a digital environment.
- Analyse the condition of business communications of Bulgarian companies in the environment of digital transformation.
- Outline the opportunities for development of communication approaches and techniques that lead to increasing of efficiency of business communications, comparable to the best world practices.

The object of this research are the trends in the development of business communications in a digital environment on a global scale.

The subject of this research are the opportunities for development of business communications of Bulgarian enterprises.

The scope of the research: The research is based on databases and analytical materials, confined to a narrow period – 2015-2016-2017-2018, due to the exceptional dynamics of the studied data. Another limitation of the research is that for the most part, relating to the European Union level, it refers to the official statistics. At the same time, this gives strong representativeness and aligned base for comparison between member states, including Bulgaria.

Research methodology: An analysis of research in a wide range of topics was performed affecting the digitalization in socio-economic terms, but for the purposes of the study only parts of them are used, grouped into three areas:

- Internet users and attitudes – Internet penetration, Internet use.
- Businesses in a digital environment – the use of the Internet and digital tools in business strategies and, in particular, in business communications; goal setting and using social media; trends in digital advertising usage.
- Digital advertising revenues and digital communication campaigns – investments in digital advertising and the curve of their development are the best indicators for the maturity of the business with respect to the challenges of the digital transformation.

Through the method of benchmarking parallels are made and trends are isolated in the three strands of the axis World market – European Union – Bulgaria.

Sources of information for the analysis are regular researches and annual reports with statistical data. This makes it possible to highlight the trend from the same sources in several consecutive periods/years, which is a prerequisite for objectivity and reliability of the findings.

Through the means of comparative analysis the parallel was conducted between the representation of the main object of interest for the survey – the

business in Bulgaria and companies in EU and USA which are perceived as a mature and well performing in the field of external communication management in Internet environment. The different studies of research lead to an understanding of the approaches the companies implement and to adapting their experience of improving the performance of the main subject.

The following approaches and methods are applied:

- The targeting approach is applied in structuring the research as it methodically relies on the analysis, interpretation, synthesis and evaluation of pre-selected criteria in order to prove a certain thesis and to develop a model for improvement.
- The system approach is the basis of the differentiated analysis of quantitative data and components aimed at understanding interrelationships and the relationships between them.
- The method of component analysis is applied in a differentiated environmental state. Two components are analysed – the digital development of the public environment as well as the Internet users in the defined time segment on one hand and, and on the other – the state of the business organizations operating in the same environment.
- The Expert Method (Critical Analysis Method and Expert Assessment) is used to interpret data from quantitative research and trend comparison.

The contribution of the research can be drawn in two directions.

The prospect of business communications development in the digital environment is revealed through data analysis. Data is presented for the readiness of audiences/public/users to accept, process and react through different channels, methods, and approaches to specific volumes of Internet communication and they are matched to the attitudes of companies in Bulgaria to meet this readiness.

A model is synthesized of the methods and approaches of digital communication to be applied by the companies in order to enhance efficiency.

Thesis

The traditional approach of following the events and copying practices in the management of business communications in a digital environment, typical of many organizations in Bulgaria, only leads to correction of traditional communication tools, to changes in the mix of used channels to fit the offline tools to the online environment.

Such an approach is losing in the long term and currently low effective and should be replaced by new practices like philosophy, the concept of content and messages, implementation formats, channels to audiences, and resource and expert provisioning.

Management of business communications (Харизанова: Миронова, 2008, с. 142) would be effective if based on the understanding that the digitalization not only adds new features to the existing business environment, but it is also significantly changing it. For such understanding to be applied in communication strategies in Bulgarian business environment, a clear distinction should be established between the maturity of the environment – users, audiences, customers to consume the information in a new way, and the relatively low readiness of companies to meet this maturity.

These differences can be found through research of the environment and the digitalization of business policies in a comparison United States-EU-Bulgaria due to the leadership of the US market in the application of digital tools in communication strategies, as well as a benchmark for the trends in the behaviour of organizations in the digital environment generally. Research within EU outlines specific parameters of the digital transformation in business communication programs. The data for Bulgaria, derived from several studies, enable understanding of how global and European trends found expression on the Bulgarian market and, compared to them, give an indication where future developments and directions of accelerated development might be expected.

Comparison of data from three directions and a summary of the main trends in the axis “customers – business” outlines a possible model for implementation of business communications in terms of transformation from offline to online environment and its two last stages Web 2.0, in which we are currently, and the upcoming Web 3.0.

The key groups of interest which the research concern are academic students and researchers, analysers in media landscape and advertising trends, as well as professionals in different management levels.

State of the Art and Development of the Internet – Web 2.0 and Web 3.0

The qualitative leap in the digital environment’s development that came about with Web 2.0 was driven by consumers who produce their content and share it, manage it, participate in discussions, form ratings by voting.

Information as the centre of Web 1.0 logically gives way to the new centre – the user. In Web 2.0, the main subject is the user and the information becomes the object of their activity. The user/audiences of organizations are no longer just an audience with conservative forms of feedback and minimal opportunities for influencing processes in organizations. They become a factor in the creation of content. This changes the Internet environment and from a one-way information flow it turns into a place for a two-way conversation. The Three C’s for Web 2.0 are Contributing, Collaborating, Creating (Hargadon, 2009). Its symbols are the new media and social networks.

Societies today are in the transitional period in which Web 2.0 is a regular feature of the environment on a private, corporate and social level. The dynamics of development in technologies open the door to a new reality – often called (and not entirely accurately) “virtual”. In fact, it is about an ever-stronger interaction between the Web and reality. The semantic reality or Web 3.0 is a new stage of evolution in technology and information management systems. It also brings qualitative changes in society and organization management systems and in particular, in the communications between organizations and their audiences.

The vision of the Semantic Web was formulated as early as 1998 by the inventor of the Web Tim Berners-Lee in the article “The Semantic Web Roadmap” (Berners-Lee¹⁹⁹⁸). Later on, the idea was further developed in a number of his publications and the work of other authors.

Web 3.0 is a process of building a semantic, interactive network that connects not only the machines but also people and organizations and can analyse, edit and store related data. It will blur the line between the Web and desktop computers and will use different ways of interaction with customers. This means that two users will receive different search results depending on their account, even though they have inputted the same criteria (Дерменджијева, 2012). That is, the new network will structure the information in a different way compared to Google and the main dividing line with the past stages here would be personification.

According to the article on Jonathan Strickland “How Web 3.0 will work?” (Strickland, 2001), the new Internet environment will allow the user to write “I want to watch a funny movie and then eat in a good Mexican restaurant” in the browser and the browser will make all the surveys for the user and will eventually provide a complete, organized and comprehensive solution by comparing and organizing data from different sites and databases – a current cinema programme, lists of restaurants and menus, information from maps.

The influence of the Social Web 2.0 and the Semantic Web 3.0 on business communications is further multiplied by the development of mobile telephony and the Internet connection of smart devices. The process allows for such an exchange of data that has not existed so far. The contact between organizations and external audiences ceases to be temporally, hierarchically and technologically limited and is characterized by continuous, instantaneous and equal interaction, unseen up to this stage of development of communications. It should be noted here that customers pass naturally and without disruption to the new stage, encouraged by the innovative technological applications that integrate seamlessly into their lifestyle. Organizations with established corporate philosophy, hierarchical structure, budget processes, and external policies, serving as seat belts, pass more slowly to the new reality. This is shown by the data in the below areas.

Internet Users and Attitudes

One of the most detailed studies in the use of the Internet, monitored each year by professionals and companies, is the Report on the development and trends in the online environment by Mary Meeker, a partner in the American Fund for Venture Capital Kleiner Perkins Caufield Byers (Meeker, 2018).

According to the report for 2018, Internet users continue to grow in number, but the pace of annual growth decreases.

Half of the planet's population – 49% has access and uses the Internet in 2018. The growth of online customers is 7% in 2017, compared to 12% a year earlier. Now that more than half of the world is online, the number of those who are going to be included in the network gets smaller.

The penetration of social media was 33% in 2017. The potential for growth here continues to be bigger.

...Technology Disruption Drivers =
Rising & Cheaper Connectivity + Data Sharing

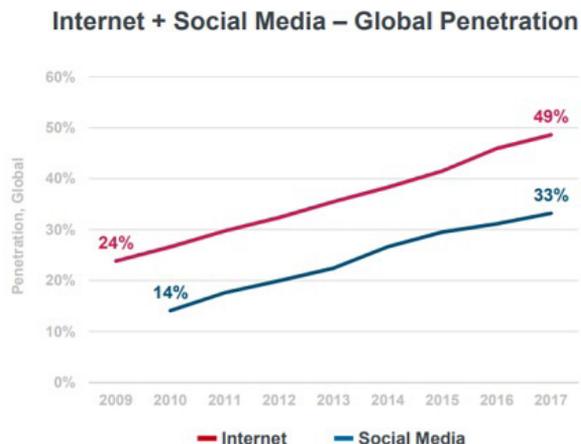


Chart 1

Source: (Meeker, 2018, p. 146)

Two thousand seventeen was the first year when sales of smartphones registered no increase. As more and more consumers around the world are already owners of such devices, the growth is becoming increasingly elusive.

Global New Smartphone Unit Shipments =
No Growth @ 0% vs. +2% Y/Y

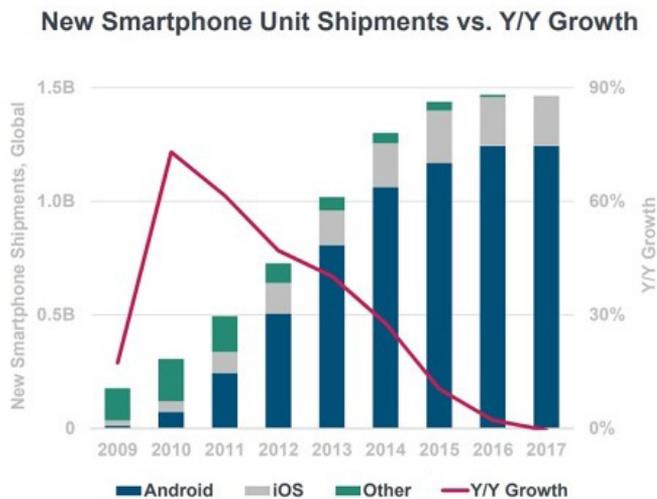


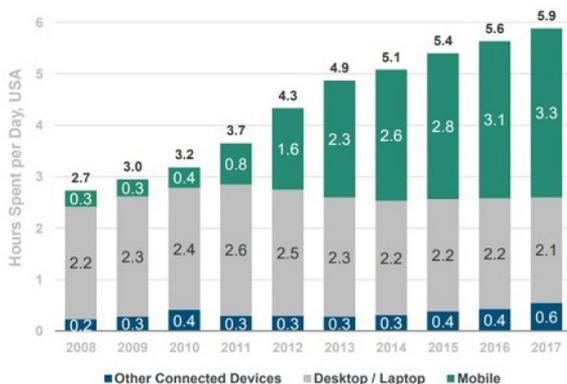
Chart 2

Source: (Meeker, 2018, p.6)

The good news is that people are increasing the time they spend online – 5.9 hours a day in digital media in 2017. For 2016 it was 5.6 hours. Approximately 3.3 of those hours were spent on the mobile phone, which is the main reason behind the overall rise in the consumption of Internet media. According to Meeker, growth in consumption through smartphones is primarily due to the speed, simplicity and ease of use of the new devices.

Digital Media Usage @ +4% Growth... 5.9 Hours per Day (Not Deduped)

Daily Hours Spent with Digital Media per Adult User



KLEINER PERKINS
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INTERNETTRENDS

Source: eMarketer 9/14 (2008-2010), eMarketer 4/15 (2011-2013), eMarketer 4/17 (2014-2016), eMarketer 10/17 (2017). Note: Other connected devices include OTT and game consoles. Mobile includes smartphones and tablet. Usage includes both home and work for consumers 18+. Non-deduped defined as time spent with each medium individually, regardless of multitasking.

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Chart 3

Source: (Meeker, 2018, p.11)

Another global study – that of the multinational digital agency we are social [1], dated January 2018, gives a similar picture, but is valuable for the in-depth study of the increasing traffic through mobile phones.

The main results the study presents are:

4,021 billion people on the Internet globally, 7% annual growth rate;

3,196 billion of them are users of social media, 13% annual growth rate. Social media users have increased by almost 1 million in 1 year;

5,135 billion users of mobile phones, 4% growth. The previous study reported a 0% increase in smartphone sales.



Chart 4

Source: <https://wearesocial.com> [2] we are social. Digital in 2018: World's internet users pass the 4 billion mark, p. 7

According to [GlobalWebIndex](#) data cited in the study, the average Internet user spends 6 hours a day on the Web, using different types of devices. That is roughly one-third of the active time in a day.

Smartphones are the most preferred devices for surfing the Web. Even if the percentages for the other devices – computers, tablets, laptops and other devices are summed, they cannot surpass the share of smartphones.

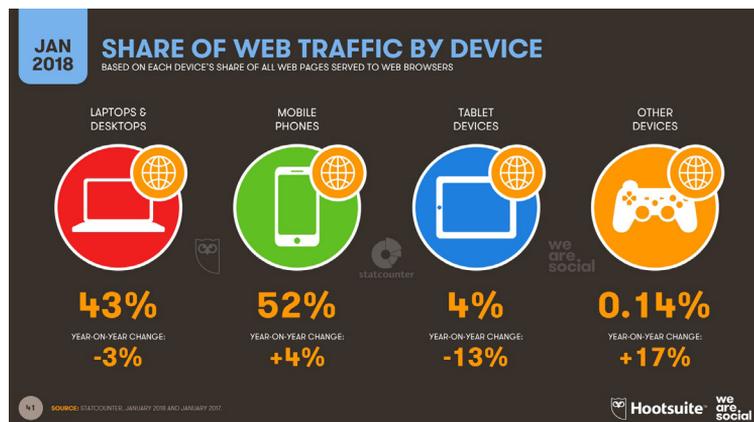


Chart 5

Source: <https://wearesocial.com> [3]

The data above is only Web use through smartphones. The latest data by App Annie, again cited in the study, indicated that people spend seven times more time using mobile applications compared to mobile web browsers. That is, the proportion of Internet use via mobile devices turns out to be even higher.

The latest Facebook data confirms this conclusion: Only 5% of global users of the platform possessing a smartphone use it on another device.

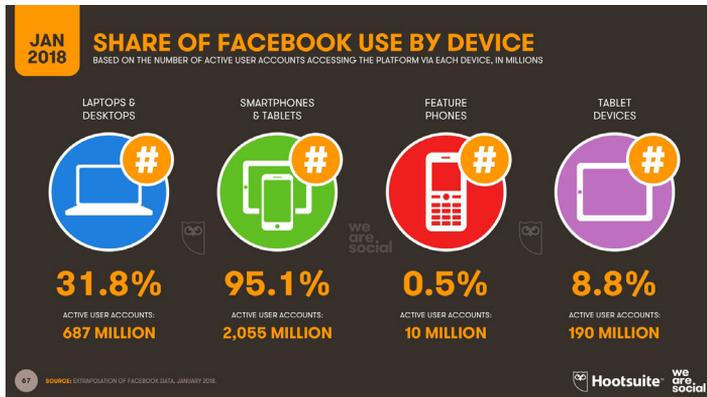


Chart 6

Source: <https://wearesocial.com> [4]

At present, the average Internet user consumes about 3GB mobile data per month, which is almost 50% growth on an annual basis. One of the reasons for this is the increased mobile Internet speed.

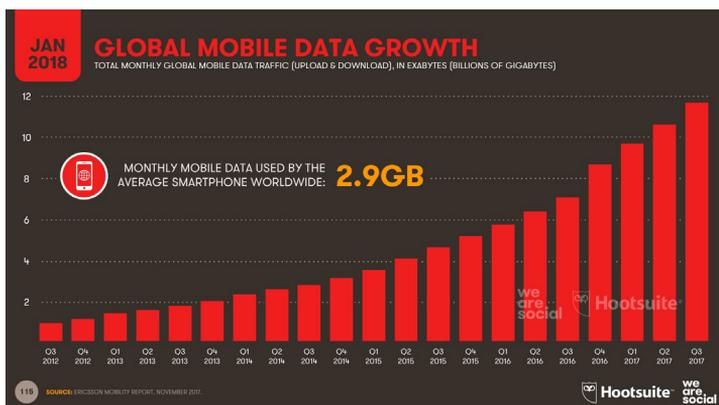
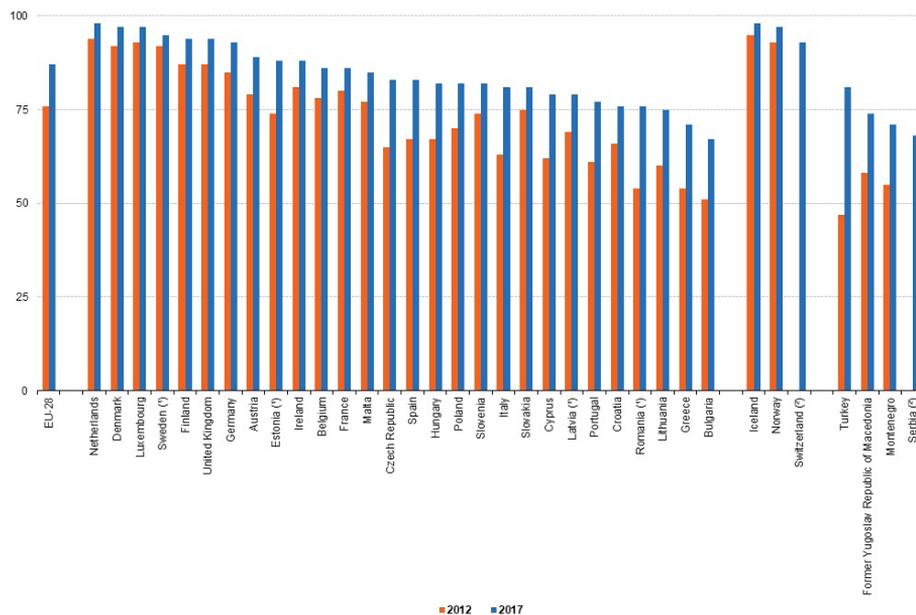


Chart 7

Source: <https://wearesocial.com> [5]



(*) Break in series.
 (*) 2012: not available.
 Source: Eurostat (online data code: isoc_cl_in_h)

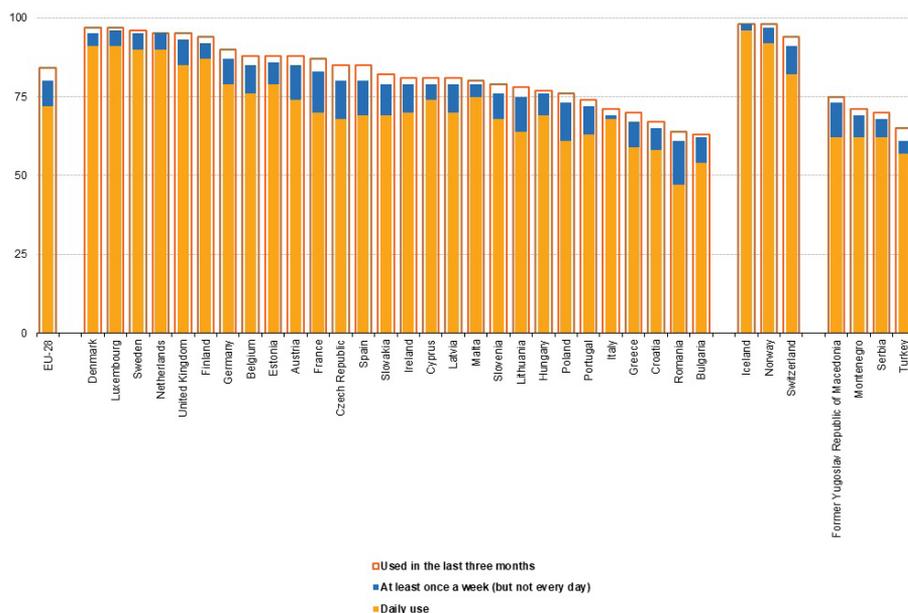
Chart 9

Eurostat, Digital economy and society statistics – households and individuals.
 Internet access of households, 2012 and 2017

Source: Eurostat [9]

At the end of the third quarter of 2017, 72% of EU citizens use the Internet every day and 8% at least once a week. That is, 80% are regular Internet users within the EU.

Bulgaria, as is evident from the chart, has one of the lowest values of Internet usage in the last three months before the referendum, but the ratio on both indicators, “everyday access” and “access at least once a week” is firmly in favour of everyday access, which is the ratio in countries with high Internet penetration rates.



Source: Eurostat (online data codes: isoc_ci_ifp_iu and isoc_ci_ifp_fu)

Chart 10

Eurostat, Digital economy and society statistics – households and individuals.
Frequency of internet use, 2017

Source: Eurostat [10]

As for mobile Internet penetration, examined in the study as access outside the home and office via smartphone, tablet, laptop, it marks a remarkable growth from 36% in 2012 to 65% in 2017. The data is for the age group 16-74 years, averaged for member countries. In this segment, Bulgaria ranks in the happy medium between 50-60% mobile Internet usage as the growth between 2012 and 2017 is higher than the average for the European Union.

The most often registered Internet activity, according to the study, is in social networks. More than half – 54% – of the EU citizens aged between 16 and 74 used the Internet for social networking. Having 50%, Bulgaria is very close to the average level.

Business in the Internet Environment

Eurostat also draws up an annual report on the incorporation of social media in the communication strategies of the companies [11]. The term “social media” in this study refers to the well-known social networking sites, as well as to blogs, sites for sharing multimedia content, etc.

Another recent Eurostat study – about the levels of Internet advertising usage with a more detailed analysis of the application of its various forms [12], provides a complete picture of Internet usage as a communication channel by the business in Europe.

The first survey was conducted in December 2017 and a data will be refreshed in March 2019. The second one was in December 2016 and the data were refreshed in December 2018. The statistical information in both surveys is provided by the national statistical authorities of the member states. The survey includes companies of over ten employees. It involves a total of 159 000 out of 1.6 million European companies. 83% of them have 10-49 employees (small), 14% have 50-249 employees (medium) and 3% have over 250 employees (large). All sectors of economic activity are covered.

Using Social Media

Companies attach ever-greater importance to their presence on the Internet. Accordingly, corporate sites are beginning to evolve by adding new features such as online shops, product catalogues, order tracking, customization of products, opportunities for sharing on social networks. As seen in chart 13, in 2017, 77% of companies in the EU, having more than ten employees, state that they have a website. This is a 4% increase as compared to 2013, while the growth in this category decreases. For Bulgaria, the percentage is lower by over 25 points.

	Website	Social networks	Enterprise blog or microblogs	Multimedia content-sharing websites	Wiki-based knowledge-sharing tools	Website and social media	Use only one type of social media (*)	Use two or more types of social media (*)	Use at least one type of social media (*)
EU-28	77	45	14	16	5	44	26	21	47
Belgium	83	57	17	17	7	53	34	24	58
Bulgaria	51	34	4	7	3	26	25	9	34
Czech Republic	83	34	7	11	4	35	23	13	36
Denmark	95	67	12	25	5	67	39	29	68
Germany	87	40	7	14	7	43	29	16	45
Estonia	78	39	7	11	5	38	27	13	40
Ireland	74	67	32	23	6	58	32	36	68
Greece	65	49	13	15	3	43	29	21	50
Spain	77	49	21	23	5	48	23	28	51
France	67	39	12	11	4	35	25	16	41
Croatia	71	41	7	13	7	39	28	16	45
Italy	72	42	8	16	3	39	27	17	44
Cyprus	73	65	28	27	5	56	30	37	67
Latvia	63	29	9	9	3	28	17	13	30
Lithuania	78	47	10	17	12	45	30	20	50
Luxembourg	82	52	13	15	9	51	33	20	54
Hungary	69	36	5	13	5	34	23	15	38
Malta	81	73	15	21	5	67	47	27	74
Netherlands	86	66	29	29	7	66	29	39	68
Austria	86	51	10	18	6	50	32	21	53
Poland	67	26	5	9	2	26	18	10	27
Portugal	65	45	7	15	3	46	30	16	46
Romania	45	34	5	7	3	25	26	9	35
Slovenia	83	45	7	17	2	45	29	18	47
Slovakia	79	35	8	14	6	35	22	17	39
Finland	96	61	17	24	6	62	34	29	63
Sweden	91	63	14	20	8	63	40	25	65
United Kingdom	84	60	42	19	5	60	21	42	63
Iceland	82	77	16	17	3	63	56	23	79
Norway	80	71	11	15	5	62	52	20	72
Turkey	73	44	17	16	5	46	24	22	46

(*) Differences between the last column and the sum of the previous two columns are due to rounding.

Chart 11

Eurostat, Internet advertising of businesses – statistics on usage of ads Enterprises' internet presence (use of internet ads by type, websites, social media), 2016

Source: Eurostat and <http://ec.europa.eu> [13]

Companies are beginning to expand their presence on the Internet through the use of the opportunities provided by social media. The most popular social media are:

(a) social networks like Facebook, LinkedIn, Xing; (b) corporate blogs and micro-blogs like Twitter, Present.ly; (c) sites for sharing multimedia content like YouTube, Flickr, SlideShare; (d) wiki-based tools for sharing.

In 2017, 47% of EU companies use at least one of these types of social media. As compared to 2013, the growth is 17%. The percentages for individual countries vary – from 27% in Poland to 74% in Malta.

44% of European companies that have websites state that they use one or two social media. In Bulgaria, the levels are lower than the average for Europe – 26%.

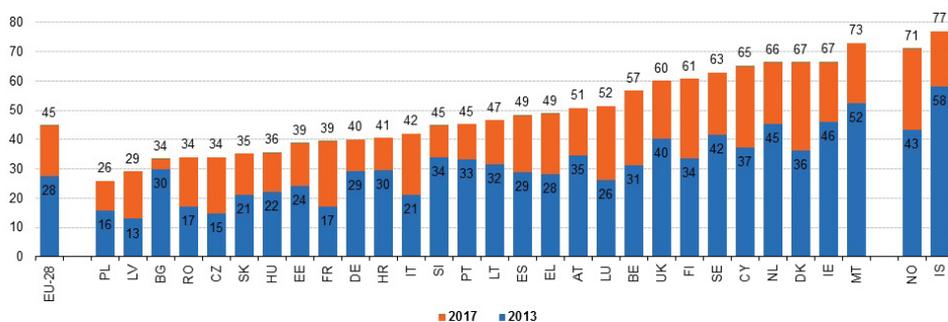
In 2017 over 2/3 of European companies having over 250 employees (68%) manage an account or use some social media. In comparison, only one of every four companies (43%) with 10 to 49 employees uses social networking.

It should be noted that 26% of European companies use only one of the four types of social media and this percentage positively correlates with the high level of use of social networks.

The use of blogs or microblogging and content sharing sites is much more unpopular – 14 and 16% respectively. The percentage of companies that use blogs is the highest in the UK (42%), while sites for sharing multimedia content are most popular among businesses in the Netherlands – 29%.

Only 5% of EU companies use wiki-sites and tools for sharing. The highest percentage in this category is registered in Lithuania (12%).

Social networks score the highest popularity among social media. 45% of the companies use social networking to keep in touch with their users, to encourage them to share experience, to comment, to share information and opinions, but most of all – to build communities of people with the same interests around the brand and its products. When looking closely at the trend from 2013 to 2017, it becomes evident that the most significant growth is registered by social networks. In Germany and Cyprus (+ 31% and + 28%, respectively) the growth is the most significant. Then come Finland (+ 27%), Luxembourg and Belgium (+ 26% each). The lowest growth is registered in Bulgaria – from + 4% to the level of 34% business use of social networks.



Only countries with data for both years

Chart 12

Eurostat, Enterprises using social networks, 2017 and 2013

Source: Eurostat and <http://ec.europa.eu> [14]

Goals set by the business for the use of social media

It is important to outline the purposes the business uses social media for in 2017: to reach external audiences/users or to facilitate the intra-organization communications or to accomplish specific objectives, such as employment policy to support new employees.

40% of European companies use social media for communication purposes related to the corporate image and purely brand marketing objectives. As compared to 2013, the growth is 18%. The second main reason for the use of social media is also associated with the external environment for the companies: 27% use social media to receive or to respond to opinions, comments, and questions by the customers. The growth here is 15% as compared to 2013. The use of social media as a tool for human resource departments and recruitment through them also rises – from 9% in 2013 to 23% in 2017. As to internal communications – 13% of the companies state that they use social media for internal communications exchange. The growth here is 4% compared to 2013.

84% of European companies use social media for building a positive reputation and marketing. 56% apply social media as a tool for customer feedback and view them as an opportunity to improve their service. 26% of those using social media expect to attract customers in the process of product development or product innovation; the latter are 12% of all European companies, i.e. this is the percentage of businesses that purposefully communicate with customer communities on the network in order to formulate new, innovative ideas and actively involve them in the process of developing new products based on the principles of sharing, participation and global action.

The difference in the ratio of small-sized companies using social media for purposes related to the external environment is small. 83% of small businesses use social media to build their image or market products. The percentage for big companies is 85%. There is little difference in the use of social media for communication and feedback with external audiences/users – 56% for small companies and 60% for the large ones. With the involvement of customers in product innovations and product development, the ratio small to large companies is 26% against 31%. Social media are used to interact with business partners (24% of small companies and 32% of large enterprises). 72% of the major ones use social media to recruit personnel and 45% of the small ones use them for the purpose.

Among the companies using social media in all three customer-centred goals – image/marketing, feedback and development of new products/services, those in the sector of the accommodation are most active.

Internet Advertising [15]

- Most (77%) of the enterprises in the EU have a website and one in four (25%) used Internet advertising in 2016.
- 78% of companies advertising on the Internet, use contextual advertising. More than half (53%) of the enterprises in the accommodations sector advertise on the Internet and the main part of the latter (83%) use contextual advertising.
- Internet advertising is not used only by companies with online sales. It is mostly applied by companies selling offline.

Over the past 15 years, the Internet has redefined the use of conventional media – television, radio, and print media – magazines and newspapers as an advertising environment. In 2016 about 25% of businesses in the EU, employing over 10 people, state that they advertise on the Internet.

Among the member states, advertising on the Internet is the most heavily used in Malta (46%), followed by Sweden (42%), Denmark (40%), Ireland, Lithuania and Finland (all having 33%). Less than 20% of enterprises apply it in Romania (12%), Portugal (15%), France and Italy (18%), Bulgaria and Hungary (19%). According to Eurostat, Bulgaria is at the bottom of the rankings in applying Internet advertising for the past year.

The use of contextual advertising is much more popular than other types of targeted Internet advertising. Around 78% of the polled companies declare that they use information about the visited web pages and the search keywords in order to improve the identification of key audiences. In eleven EU countries, contextual advertising is used by more than 80% of businesses. Bulgaria is 5% below the average European level under this index with 73%. There is also a backlog in the next two indexes – behavioural advertising and geolocation, with 6% and 7% respectively.

Advertising based on the search for adequate content or behaviour and geolocation-based advertising is used by 27% and 30% of companies respectively. Around 35% of the companies report that they use other target methods for Internet advertising.

Contextual advertising is preferred by 78% of small and medium-sized enterprises and by 81% of the large companies. 26% of small and medium-sized enterprises and 43% of large companies implement behavioural advertising. Geo-location is the advertising approach for 30% of small and medium-sized enterprises and 40% of the large ones.

Companies providing accommodation generally use contextual advertising (83%). Behavioural advertising in this sector and geo-location tools are used by 37% and 35% respectively of EU companies.

Investment in Digital Advertising

The “Investment in digital advertising” indicator has been applied in the current study as indicative not for the attitudes but real actions of business for the integration of digital tools in management strategies of business communications. That is, the investment decision to a large extent means an assessment of the effectiveness of these instruments and the upward trends show the achieved returns by the business. Even though it affects only the “commercial” external links of organizations (Харизанова, Миронова, 2008, с. 142-143), investing in digital advertising is a good litmus test for reorientation of business communications in a digital environment. The intersection with user data evaluates whether this reorientation lags or overtakes the trends and which are the points of divergence.

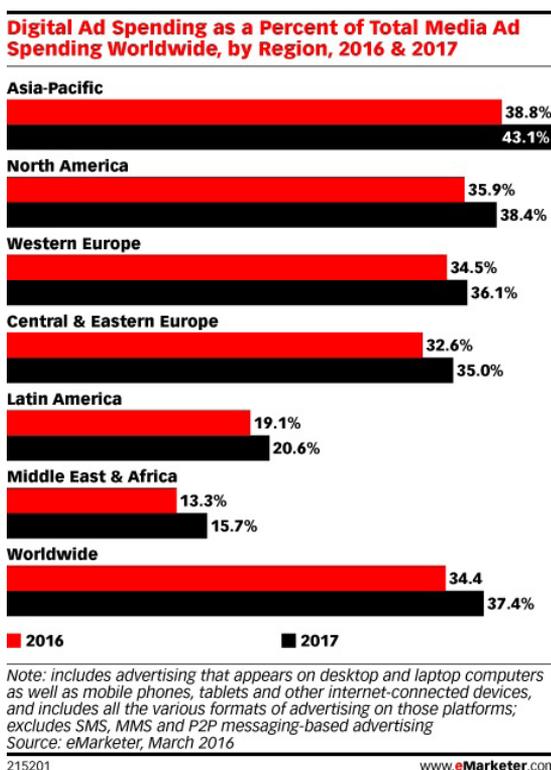


Chart 13

eMarketer, Digital Ad Spending as a Percentage of total Media Ad Spending
Worldwide, By Region, 2016&2017

Source: <http://www.emarketer.com/> [16]

According to the digital agency eMarketer [17], costs for advertising on a global scale increase through 2018 by 7.4% and reached 628,63 billion dollars. Investment in digital advertising accounts for 43.5% of the total advertising investment. The reason, along with the growth of e-commerce, is shifting from the traditional leader – television advertising – to digital channels. The forecast is that the share of digital advertising in 2020 (d) will be 50% of all advertising media.

Mobile advertising [18] is the big winner in this process, forming 67.3% of investments in digital advertising and 29.2% of all advertising investments. Because of growing demand, competition between advertisers and the increase in prices, the share of costs for mobile advertising reach 41.9% by 2022.

A similar data is that of the renowned media agency Magna: 44% for advertisement in digital media from all advertising costs, equivalent to 237 billion dollars in 2018 and reaching 50% or 291 billion in 2020. The business invests 147 billion dollars in mobile advertising in 2018, which is a 27% jump as compared to 2017 (Handley, 2017).

The rapid increase in percentages in mobile advertising and the revenue from it are one of the key trends for the American business too, according to the IAB.

In the above-mentioned study by Mary Meeker a cut of the American market is made, which allows the conclusion that the full potential of mobile advertising has not yet been realized and there is a loss of profit. As will be seen below, this conclusion can also be made for the Bulgarian market [19].

The pace of growth of advertising budgets on the Internet is retained, the volume increases on an annual basis, but the change of the internal distribution of volumes is indicative – the budgets in mobile advertising are bigger, according to the study. As a percentage, the investment in mobile advertising, however, unlike that in offline media and online desktop advertising, is lower than the percentage of time that consumers spend in the respective media.

Advertising \$ = Shift to Usage (Mobile) Continues

% of Time Spent in Media vs. % of Advertising Spending

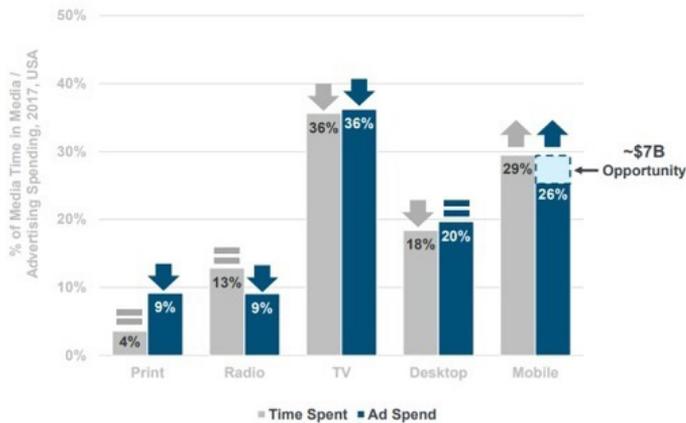


Chart 14

Source: (Meeker, 2018, p. 96)

Currently, 29% of the time the user spends for media (prints, radio, TV, and mobile) is through mobile devices, but companies allocate only 26% of their advertising budgets on mobile innovations. According to Meeker, this difference of 3% is equal to the missed opportunities worth 7 billion dollars.

The look at the Bulgarian advertising market through a branch of the above-mentioned organization for Bulgaria shows albeit slowly switching to the global trend. The data for Bulgaria is from the annual report of the IAB AdEx, surveying the volume of digital advertising in the country [20].

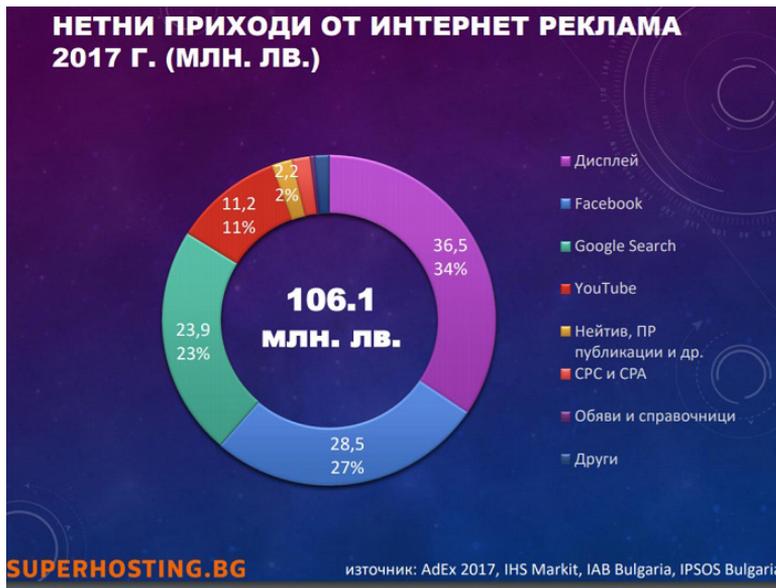


Chart 15

IAB, Net Income by Internet Ads 2017 (in BGN) [21]

In 2016 the net revenue from online advertising on the Bulgarian market is EUR 91.3 million. Reaching BGN 106.1 million in 2017, the market registers a growth of 16%.

Advertising on the social network Facebook has the highest percentage, followed by that on Google. The percentages of both social media networks, along with those of the video content site YouTube exceed almost twice the share of desktop/display advertisement. This positions the Bulgarian market of digital advertising in the trend that is globally leading, despite the still high percentage of advertisers who choose traditional banner advertising.

Thetwoplatformstogetherhold64%ofthetotalinvestmentinonlineadvertisingin Bulgariaora totalofaroundEUR63.6million,whichincludeadvertisingonYouTube. They are also among the fastest growing channels. In 2017 the social platform attracts 30% more net investment as compared to 2016, reaching EUR 28.5 million. EUR 23.9 million are directed to Google's search engine or 21% more, and – EUR 11.2 million to the platform for video content sharing YouTube, which has a growth of 23%

Display/desktop advertising does not take into account major changes in the past year. It takes 34% of the total amount of digital advertising or EUR 36.5 million for 2017, which is only 1% more than in 2016.

The investments in mobile advertising are increased by 38%, reaching EUR 4.3 million. Even if the programmatic technology [22] has not yet been permanently established on the Bulgarian market, automated purchasing of advertising space marks a two-digit growth. In 2017 advertisers have targeted a total of EUR 3.1 million through programmatic advertising which is 43% more as compared to the past year, shows IAB Bulgaria data. A report of the development of the advertising market in Bulgaria for 2018, prepared by the global communication group Aegis Dentsu Network, shows growth of advertising investments by 5.4% [23] thanks to the digital media and in particular in mobile and programmatic advertising. The expenses that companies are expected to have for programmatic advertising are nearly twice higher than in 2017. Mobile advertising permanently dethrone investments in desktop advertising. As a whole, for the first time in 2018 digital investments reach 25% of the total media market expenses at the home market.

Indicative for the speed of reorganizing of Bulgarian companies toward an online environment is a comparison of advertising investments in the Internet and in TV – the current absolute leader in volumes.



Chart 16

Source: IAB, Income share Top 100 Advertisers by Industries. Online vs. TV, 2017 [24]

For the market segment where the highest volumes are invested – consumer goods, budgets for television advertising are almost twice ahead of those for advertising on the Internet. The telecommunications ratio is the opposite, while for financial services the percentage of investment in online advertising is three

times ahead of those in TV. For the last two segments, however, in terms of volume, revenues are dramatically lower than those in the segment of consumer goods.

An important indicator for adequate evaluation of the effectiveness of Internet advertising is the ratio of time spent in a given media and volume of advertising investment.



Chart 17

Source: IAB, TV and Internet Budgets comparison adequate to Usage [25]

For the Bulgarian market, the disproportion on the Internet is considerable. Comparison of television and Internet budgets and the time spent in both media shows a significant loss in profits due to much lower advertising volumes on the Internet. Similar is the conclusion of Meeker in the above-mentioned data for the American market [26]. The metrics compared for Bulgaria refer to 2014 and 2016. The growing trend of spending time on the Internet on an annual basis makes the imbalance and missed benefit even more significant.

The expenses for TV advertising and advertising on the Internet will be converging in volume in the coming years. However, it is extreme to predict the deletion of television advertising and the other “classic” formats. The reason is the so-called *multitasking* – several devices submitting information are used in parallel. *Multitasking* is a must for modern users. Millions of people watch TV, listen to the radio, read newspapers while online. Understanding their behaviour at *multitasking* would lead to more effective planning. The user can choose to use more than two media to accomplish a task.

Business Communications in the Process of Digital Transformation – Factors of Influence and Processes in the Bulgarian Environment

Reversal of communication flows, two-way personalized communication, and the advent of the Semantic Web make a new reality possible – customers can affect businesses, they can assist companies in marketing, and as to the development of products and services, they can definitely affect the process of building a company's reputation.

Due to global connectivity, free exchange of information, and the network connectivity of the business processes all over the world the Bulgarian market does not stay away from these new trends in implementation of management strategies and communication strategies in particular. Penetration of global processes and the fact that multinational companies operate in Bulgaria, bringing their own specific experience, allow Bulgarian companies relatively quickly to find their way in the opportunities offered by the digital environment. Of course, the momentum and volumes are different – due to the market situation, socio-economic realities, negative trends in the forming and the developing adequate human resources, etc. All these objective factors are not a subject of the current study.

It is focused on the data about the behaviour of consumers and companies in the digital environment. It is focused on users' and companies' behavior data in a digital environment. In this context, the authors' thesis of the lagging behind of the Bulgarian companies from the dynamics of the public environment in the context of the development of the modern Internet is largely evidenced by the benchmarking of the empirical research from the global market, the EU market and the Bulgarian market.

This conclusion is valid for the four directions found in the authors' thesis:

- Gap between maturity of the environment and the level of readiness of companies;
- Lagging behind social media and networks in managing public and commercial communications;
- Lack of investment in advertising communications and caution when applying new advertising forms on the Internet;
- Lack of an adequate response to the high degree of penetration of mobile-internet technologies and devices.

The findings of the above-mentioned studies indicate that, even if more slowly and with lower percentages, Bulgarian consumers and companies are still part of the global processes of digitization of the communication environment and concentrating on the main part of information flow on the Internet. At the same time according to some indicators, as shown by the data on the use of social media, social networking, mobile advertising, new forms of advertising targeting

and planning: Bulgarian companies lag the trends on a European and global scale. Catching-up in these areas of lagging would result in higher efficiency of business communications management. However, at the moment a conclusion can be drawn that this does not correspond efficiently to the growth potential, which is a result of the changes in the user component of digitalization.

Although in Bulgaria the rate of Internet access for households is the lowest – 67% compared to other EU countries. That is not necessarily bad news. There is potential for growth, which becomes clear by the high trend of increasing newly joined households over the past 5 years. Another important indicator is that of all Bulgarians using the Internet, the majority does this on a daily basis.

The increasingly strong Internet penetration in users' lives does not encounter an adequately fast response from the business. Overall, the proportion of investments in digital advertising continues to be low – 25% of the total advertising investments on the Bulgarian market. By comparison, Internet advertising globally accounts for 45% of the total advertising volumes. According to Eurostat, Bulgaria is at the bottom of the charts for the use of digital advertising for the past year – only 19% of companies have invested in it.

A trend that should be monitored by the business with particular attention, is also the high penetration of mobile telephony – 155%. Along with the aggressive marketing of mobile Internet packages by the operators, this provides a sound basis for the transfer of information and communication flows through mobile Internet. Smartphones are replacing all other devices for access to the Internet.

Out of 4.6 million Bulgarians on the Internet, 3.2 million actively use social networks through a smartphone. That is, almost half of the population has access to the Web via mobile Internet. An increase in the time spent online is also registered. However, the percentage of investment in mobile advertising is lower than the percentage of time that consumers spend online. Things are not the same in advertising in offline media and online desktop advertising. Low investments in mobile advertising are one of the slippages the business has to catch up for.

The statement that active users mainly search for information, compare, look for feedback and make decisions using the opportunities of the Internet, is not far from the truth. Access and exchange take place mainly through the channels of social networks. This is the other reality to which the business should reconfigure their communication strategies. The high growth of users of social networks in Bulgaria meets the relatively low percentage of their use as a communication tool by companies – 34% state their presence on them. According to Eurostat, 25% use one social media network and only 9% – two or more. Companies that have a website and use social media amount to 26%. This is still a field in which the business should compensate for a delay.

An important area of catching up seems to be the proper targeting and planning of the campaigns on the Internet. Currently, the trends in market

entry of programmatic advertising aiming at full optimization of advertising budgets, precise – reaching a level of personalization – direction of messages, and achieving maximum performance through application of new models and systems for planning is little known among Bulgarian companies.

Overcoming this delay will bring companies closer to customers, while responding to their degree of maturity on the Internet, the demand for more personalized information and the need to have messages, notifications, and advertising formats as a natural part of the content of the site or the network where customers find information, share or have fun. Ultimately, this will bring on higher cost-effectiveness for businesses and increased ROI.

Of course, this requires the acquisition of a new level of expertise and secondly – resource provisioning of behaviour and management processes in a digital environment. Managers should respond adequately to the question to what extent the traditional communication programmes can withstand a readjustment and enrichment through digital tools or if it is necessary to reverse the paradigm fully – the main media will become digital tools, while the leading (until recently) offline channels and media will have only a supporting function. The answers to these questions are subjective for each organization. The process of preparing this decision could be objectified to some extent by setting a minimum package/model of innovation, without which the management of business communications in an environment of digital transformation would be ineffective.

Expanding the presence and Integration of New Methods and Approaches In a Digital Environment

The trend analysis in business communications that are associated with the development of the Internet and virtual channels shows that there is an opportunity for Bulgarian organizations to gain competitive advantages if they are quick and adequate in modernizing their business communications.

Social Networks

Investment in social networks advertising and content creation for social networks – without including these two elements, company communication strategies are bound to lose much of their effectiveness.

Management of business communications in social networks aims to achieve certain reputational or commercial purposes. It is mainly implemented through the establishment of appropriate content. This content must comply with the condition to be both adequate to the messages and the objectives of the company, but also to be attractive to consumers and make them share the content with their circles or communities.

Campaigns in social networks have specific planning – intensity, time of publication, and reposts are determined depending on the target, the target's habits, and the target's peaks in the use of social networks.

There are also many tools for promoting the spread and effectiveness of messages of companies on social networks. Some of these are organizing games, various forms of polls, support from a third party such as the inclusion of opinion leaders and influential individuals to spread the messages of the brand or product. All of them are also typical for the communications toolbox and outside the social networks. However, they acquire new efficiency due to the network distribution and the numerous feedbacks.

Campaigns in social networks are accompanied by omnidirectional communication and feedback in the form of content created by users.

For successful management of business communications in a digital environment a range of different social networks can be used. Today, one channel/network is not sufficient. This is also the direction in which Bulgarian companies have to catch up – according to the above-mentioned data in the report by Eurostat, the majority of them are concentrated in just one social network. According to the specifics of the business/brand/product/corporate profile a few social networks are chosen to deliver corporate messages. However, these are only social networks in which key audiences are identified. Omnivorousness and use of more than the necessary social channels are not efficient.

The attention to the visual elements – photos, collages, graphics, videos – is of particular importance. The attractiveness of the visual is very often more important than the content component. It is important for the content to be in accordance both with the profile of the company and with generally accepted moral standards and conduct.

An important component of strategies for content management in social networks is the measurement of reactions. Each network has its criteria/categories to be monitored – likes, shares, comments.

It is a must for communication experts or specialists in network marketing to trace the every so often updating of functions and applications for publishing, sharing, participation, measurement of the specifically selected networks.

Mobile Advertising. Mobile Applications.

The above research on trends in Internet access via mobile devices, the global increase in the volumes of mobile traffic, as well as the typical for the Bulgarian market high percentage of time spent online and access to the Internet and social networks via mobile phone, require the rethinking of the communications mix by the business. Mobile devices will be used more and more to search for information, for fun, to learn, to access databases, for shopping and social communication.

Mobile advertising has enormous untapped potential. From the audience point of view, it offers an opportunity to reach one of the most active user segments at any time and any place. On the other hand, the opportunity for robust personalization of communication with audiences/clients is a technological characteristic inherent for this type of advertising. At the same time, the mobile market is not yet saturated with ads, which means that there will be a much more significant effect there. According to the last-mentioned survey*, mobile advertising during 2018 in Bulgaria overtakes in investments desktop/display advertising.

Mobile advertising is broadcasting ads on mobile devices – tablets and phones. Major site publishers have devised their own mobile applications/mobile versions. The other way of broadcasting mobile ads is through ad networks such as Google.

Mobile applications (or apps) are continually being developed. These are software products that meet the different customer needs through new technologies and mobile phone access. Mobile devices and applications are proving to be a key factor in sales, as they can detect where the user is located and to offer appropriate solutions or promotions nearby (Кръстева, Тодорова, Енева, Гавраилова, 2016, с. 151). Both geo-location and assistants based on artificial intelligence that interact with users anytime through mobile applications provide amazing opportunities for sales and corporate communications.

Advertising through mobile devices can have a much bigger role in the marketing mix and the creation of campaigns for branding. To make this happen, they should be used as a technology that when being placed in the right context, really engages users. Creativity and attractiveness of content are required for mobile advertising. Other success factors are ease of use and simple interface of mobile applications.

Content Creation in a Digital Environment

Reorientation of communication campaigns in the digital environment requires the establishment of specific content, which is different from the content created for the offline environment and traditional electronic media – radio and television. Texts, pictures, videos, information and messages intended for the Internet and various media in it, must be the subject of private development and expert support in order to be successful. The so-called content management or marketing of content are becoming more and more valuable for the companies because users already ignore the standard, aggressive messages and want content that is being offered to be a natural part of the media – site, social network, etc., in which the content to be positioned. Users have the technical ability to choose what content

* See page 23. Author's note

appears on the sites they visit, and the only way for companies to reach out to them is to provide them with adequate content.

Banners as an ad format no longer work – this is supported by data on the ever-dwindling levels of already traditional desktop advertising. One of the reasons again is that ads should be more like the content that they advertise.

Online Search

The popularity of an organization or a brand, as well as the demand for their goods and services directly depend on the visits of their corporate or promotional website. The existence of a website for 77% of European companies and 51% of Bulgarian ones in itself does not mean efficient use of this tool. In most cases it remains a static category in the corporate toolkit having only representative functions. To achieve efficiency in the management of this tool, companies should implement adequate actions in terms of optimization of sites in relation to search engines on the Internet such as Google, AltaVista, Yahoo. The purpose of optimization is for the specific site to go as high as possible in the search engine results. As most effective is considered to be among the top 5 or at least on the first page, since users rarely view more than 2 pages (Кръстева, Тодорова, Енева, Гавраилова, 2016, с. 148).

Eric Clemons, a professor and lecturer at the Wharton School of the University of Pennsylvania, explores the impact of information technology on the business strategies of organizations. He shows in a survey of his (Clemons, 2008) how information changes user behaviour and how the new way of searching and exploration of information affects corporate strategy. He brings up a few key determinants for selecting a search strategy by the buyers. To adapt to the new reality, companies are given a set of guidelines for the establishment of a strategy that corresponds to the user needs.

- Understand how information has changed consumer preferences and consumer behaviour;
- Understand how these changes force corporations to modify their product offerings;
- Understand that consumer preferences are dynamic. The strategy focused on the consumer preferences is constantly being monitored by the company and it adapts to them;
- Understand how these changes force firms to modify their pricing structures;
- Understand how they need to alter production and distribution;
- Understand how they need to alter the firm's promotion strategies, both for existing products and for new offerings;
- Understand the difficulty of maintaining consistently high ratings in community content websites.

Building a successful system of monitoring and analysis of the information consumers search about the company, the products or the sector requires the appointment of a specialist or working with an external consultant on a permanent basis. This specific expert unit processes and feeds information to the responsible for the company's reputation and to the marketing teams. Clemens claims, referring to empirical data, that it is more important to deal with the long-term problems that users share online than to invest effort in erasing posts. As for marketing – in its current version, when the product portfolio is constantly growing, the only way for users to navigate easily is through categories and keyword searching.

SEO (Search Engine Optimization) and SEM (Search Engine Management) are methods for better positioning and visualization of the sites and the brand in the search engines using keywords, link sharing, optimization of content on sites. In conclusion, it can be summarized that the search engine optimization of corporate, brand or product sites gathers ever more importance in building a brand's reputation and for increasing sales.

New approaches to planning – bidding for advertising space in real time, automatic buying of advertising space

A few years ago, the term Big Data became a buzz-word globally. Marketers use it to designate the collection, selection, analysis, as well as search, preview and transfer of data to users. Big Data supports making more accurate and precise strategic decisions when developing campaigns, creating the right media mix or analysing the results of past activities. Information is often collected through various registration forms and the use of tools such as Google Analytics. Using Big Data, you can make fairly accurate profiles of the users who have visited a particular site or participated in a digital campaign, including both demographic and behavioural information.

The data collected may be used for the so-called remarketing campaigns. These are the ad formats that use cookies to monitor user activity in visited sites and then offer relevant ads. Campaigns of a similar type already exist in Bulgaria, but an additional increase in the effort in this direction will lead to even greater optimization of the costs of campaigns on the Web.

Another model, which is still tested by Bulgarian companies is the so-called programmatic buying model (programmatic advertising or automatic buying of advertising space). This global trend has been the norm for developed markets for more than 5 years now. Marketers feel that this approach to planning will fundamentally change the way media agencies work and that is what places the method in the top positions among the key approaches for the business. Programmatic buying is impossible without applying the RTB model (Real Time Bidding or “Bidding for advertising space in real time”). With this type

of platforms advertisers, depending on the dynamic movement of impressions (user views), decide exactly where and in what context to show their messages (Кръстева, Тодорова, Енева, Гаврилова, 2016) The advantage for advertisers here is that they pay to reach a specific target audience. Such systems have a Facebook and a Google account, which due to the higher efficiency determines the redirection of advertising volumes to both networks. When an RTB platform is fed with Big Data, presenting information about the audiences of each site in the relevant display network, we can talk about the establishment of a system that automatically buys ad inventory. This symbiosis between consumer data and auctions for advertising space provide advertisers with the security that through their investment they will reach a more specific and desired target group.

Conclusion

The extremely rapid development of new technologies for communication and exchange of information and the increasing penetration of the Internet in the everyday lives of consumers and companies reveals a huge field for management of business communications in a digital environment. On a global, regional and national scale there is a sufficient number of organizations with great expertise and representativeness, which follow the trends of the digital transformation in consumer and business aspect. Tracking of continuously updated databases and forecasts is one possibility to verify whether the communication policies of organizations are adequate processes of digital transformation.

The findings of the comparison and analysis of several of the most authoritative research and statistical reports allow identifying the possibilities, as well as the missed potential by the companies. Tracking trends in perspective and reporting of changes to the data will provide yet another opportunity for the companies to realign, correcting or modifying their communication strategies significantly with a view to the overall corporate and marketing purposes.

Monitoring of data and trends is beneficial and provides strategic information in the formulation of a fundamental model of communication mix, which includes the essential tools for effective management of business communications in a digital environment, regardless of the subjective characteristics of the companies.

Notes:

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- [4] in: We are social. Digital in 2018: World's internet users pass the 4 billion mark, p. 67, available at <https://wearesocial.com/blog/2018/01/global-digital-report-2018>, (accessed 27.06.2018)
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- [18] Most often this definition comprises all advertising space displayed on mobile devices. These can be posts on social networks, promoted solely for being “served” on smartphones and tablets, Google Search and Google Display Network campaigns, as well as special mobile formats on various websites.
- [19] See page 26, Chart 16
- [20] The study of IAB Bulgaria is based on the information of 24 of the biggest media companies and advertising agencies in the country.
- [21] AdEx2017: Online advertising reached BGN 100 million, available at: <https://iabbg.net/%D0%BF%D1%80%D0%BE%D1%83%D1%87%D0%B2%D0%B0%D0%BD%D0%B8%D1%8F/adex/> (accessed 28.06.2018)
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BUSINESS COMMUNICATIONS MANAGEMENT ON THE INTERNET – GLOBAL PRACTICES AND THEIR DIMENSIONS IN BULGARIA

Abstract

Business communications management is challenged by the dynamic development of technologies and the Internet. Social networks, the Semantic Web 3.0, their impact on psycho-social processes, the formation of opinion, decision making and response, all those raise the question of how adequate the changes in business communications are. The purpose of this study is to analyse the interaction between organizations and digital reality on the world and European markets and to compare it with the Bulgarian practice through a comparative analysis of several influential international studies. The results reveal opportunities for increasing the efficiency of the communications of Bulgarian organizations in the digital environment. A model of innovations that support business communications in increasing their efficiency is proposed.

Key words: Business communications, offline environment, online environment, social networks, Semantic Web, Internet usage, mobile penetration, Internet advertising, communication strategies, digital tools.

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