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Modern Aspects of the Development of Internet-Economy in Russia

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Abstract
The article considers the questions concerning the specifics of economic relations in the Internet, emerging in the production, distribution and exchange of network benefits (primarily information). It describes the socio-economic aspects of the Internet economy, the preconditions for its emergence and the dialectic of development. Given a description of the structure of the Internet economy, its role and place in the modern global economic system, it analyzed the mechanism of its influence on the development of individual national economies. The Internet is firmly embedded in the business, creating new business models and forming such a thing as "the Internet economy". It considers the role of the Internet in the development of economy. It is shown that the use of online resources has an impact on the performance and the efficiency of economic activities. From the standpoint of ensuring "information activity" the positive impact of the Internet on the functioning of the economic system was proved.

Keywords: Internet Economics; Internet Companies; Resources

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INTRODUCTION
The concept of "Internet company" or "dotcom" first arose in the 1990s in the United States of America. This time was the beginning of the era of online business. With the rapid development of information technology business is actively interested in the new opportunities offered by the Internet. Qualitatively new process of information exchange,
the insignificance of geographical boundaries ensure potential access to an unlimited audience: here are the main advantages of the network economy. Despite the fact that the term "Internet company" is more than twenty years, it still remains a matter of debate. In scientific literature there is no single, universally accepted definition, which would fully reflect the essence of the Internet companies. In 2001, Amit & Zott gave the following definition of the Internet companies: "the company, online transactions of which amount to at least 10% of its total revenues".

METHODOLOGY

The study used review and systematization of existing domestic and foreign examples, the analysis of the organizational models, the economic benefits of Internet partners.

Systematization and analysis of the materials revealed the main difference between Internet companies from "traditional", which lies in the business model. The concept of business model emerged in the 1990's, and originally referred only to the industry of Internet Commerce. Since the mid-2000s, the analysis of the business model began to be applied also to other sectors of the economy. In simple words, a business model is a concept, a plan describing how the company generates value. To better understand why we need this concept, refer to: "Any business model performs two important functions: it creates value and gets part of this value. It creates value through a specified range of actions, starting with those related to raw materials, to those in which the company interacts with the end customer receiving a new product or service. Throughout the chain of different activities (when you create a product or service) it adds a new value. The business model also defines how the company that applies it, gets part of this value. It uses the unique resources, assets or positions, through which or on which are indicated the types of activities, where the firm has competitive advantage" [1].

At the moment the publications on the Internet economy and startups Internet companies belong to the majority of foreign authors. In Russian scientific literature this topic is almost not studied, information on the topic is presented mostly in the form of news, blogs, investor forums on investment [2].

The study of literature gave the opportunity to learn the most studied and to identify problem areas in the development of the Internet economy. Russian entrepreneurs require further development of these problems including problems of search of effective mechanisms of implementation of partnerships in the innovation sphere. Much attention was paid to issues that are under scientific debate, some are already well investigated, and some problems are not yet solved.

RESULTS

RESEARCH CURRENT TRENDS IN THE "INTERNET ECONOMY" IN THE WORLD
The level of business activity in the framework of the Internet economy, and the extent of its influence on the traditional economy and society as a whole depends on the number of Internet users. Regular collection and analysis of statistical information about the Internet audience is from the mid 1990-s. Typically, data is represented since 1995, when the Internet browsers started to use a modern graphical interface.

In 1991, the Internet was less than 3 million users, but their number has already had grown to 250 million by 1999. In January 2012, according to the analytical report "Social, Digital and Mobile Worldwide" there were over 2 billion people (30% of the world population) in the Internet. At the same time, the number of subscribers worldwide exceeded to 5.8 billion, on the basis of this we can expect further growth in the number of Internet users due to the spread of the so-called mobile Internet [3].

The Americans spend on-line most of the time. (North America leads in terms of Internet penetration – according to the same report "Social, Digital and Mobile Worldwide they covered 77% of the population). In Europe, the most active users of the Internet are the British, the Germans and the French (population coverage in Western Europe the Internet at the beginning of 2012 is 70%).

The uneven distribution of digital goods and resources can be seen in Figure 1, showing the relative accessibility of information and communication technologies (ICT) in different parts of the world.

![Figure 1: Prevalence of ICT in different regions of the world with access to a percentage of the total population [4].](image)

The average age of Internet users is just over 35. Around 2/3 of Internet users are men. And the greatest experience on the Internet have young people at the age from 21 to 30. At least 70% of Internet users have graduated from college or have higher
education level. Thus, according to eMarketer Inc. users are becoming more experienced - already in 2005 the proportion of those who use the Net more than two years, was 74% [5] – and Internet-dependent (according to the research company "Symantec", held in November 2011, 24% of Internet users "couldn't live without the Internet", and 41% of Internet users access the Net " necessary every day").

A study conducted by Ericsson together with the consulting company Arthur D. Little and the University of Technology of Chalmers, shows that the spread of broadband Internet access (broadband) speeds up the growth of the economy as a whole. Analysts analyzed the influence of the average speed of both mobile and fixed broadband on quarterly GDP in 33 OECD countries for the period 2008-2011. The results of the study showed that doubling the speed of broadband access to the Internet leads to growth of gross domestic product (GDP) by 0.3%, and the growth rate is 4 times would transfer into GDP growth of 0.6%. Ericsson and Arthur D. Little also indicated that the increase in broadband penetration by 10% leads to an increase of GDP by 1% [6].

Investment in the Internet economy is not only highly profitable but also enables the movement of society toward sustainable development.

Today in the United States there are more than 120 million users in Western Europe - over 50 million in the Asia-Pacific region - 70 million, Eastern Europe - 12 million, while in Russia only 2 million, it is clear that significant investments are required, especially in the regions of Russia in order to provide the necessary opportunities for work on the Internet. And if today in Russia the Internet is used only by 1.5% of the population, and, for example, in the Nordic countries - 40% in the U.S. - about 30% in the UK - 15%, the investment capacity of the market is virtually limitless [7].

The Specificity of the Internet economy in Russia

The Internet economy in Russia is much worse developed than in the US. According to rough estimates it is younger by about 5-7 years. In 2005 it held the first IPO of Russian Internet company, the United company of "Afisha" and "Rambler", on the London international platform. In 2010, the IPO held Mail.ru Group, and in 2011 – Yandex. Then there was the first public Internet-shop "Utinet" list its shares on the Moscow stock exchange. Only in recent years the Internet has transformed from entertainment into a platform for business. Even the most successful Russian web companies lag behind their Western countries According to estimates of the Boston Consulting Group [8], in 2010 the Internet economy in Russia amounted to 1.9% of GDP, i.e. the size was ranked 19th in the world. To date, the stage of development of the Russian Internet economy can be described as elementary. As can be seen from Figure 2, this industry is second only to hotels and restaurants and fishing [4].

The current government of the Russian Federation underlines the relevance and prospects of the business Vladimir Putin supported the idea of creating a development Fund of Internet initiatives, which started from 15 July 2013. The purpose of the
Foundation is to make the Internet economy more transparent and accessible for aspiring entrepreneurs. According to the newspaper Vedomosti: "the Fund will operate for three years and during this time will invest 6 billion rubles (about $184 million) in about 400 Russian startups". Director of the Fund Kirill Varlamov puts the main purpose "to create in Russia a network of accelerators, which will help to grow promising projects at early stages of development — preseed (when you have an idea but no business plan) and seed (prototype development project and the formation of the team)" [9].

![Comparison of Internet economy with traditional industry sectors (percentage of GDP)](image)

**Figure 2:** Comparison of Internet economy with traditional industries (in percent of GDP) in Russia.

In 2010, Russia received 1.5 trillion dollars from the e-business. It is less than this number in the G-20 countries earned only by Turkey and Indonesia. The size of the Internet economy in 2012 was estimated RAEC and the HSE in the study "the Economy of Runet". "Markets for content and services amounted to 563 billion rubles, and the market of electronic payments — 268.7 billion rubles, which in total represents approximately 1.3% of the GDP of Russia in 2012", - reported the analysts. In addition to the web economy, there are also Internet-dependent markets (access to the Internet, investments in Internet companies and B2B e-Commerce"), the volume of which is 6.9 percent of GDP (Table 1) [10].
**Table 1:** Net revenues of the internet business in Russia [11].

<table>
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<tr>
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<tbody>
<tr>
<td>Mobile and web development</td>
<td>24,20</td>
<td>+15</td>
<td>+5</td>
</tr>
<tr>
<td>Contextual advertising/Performance</td>
<td>70,00</td>
<td>+23</td>
<td>+14</td>
</tr>
<tr>
<td>Display advertising/Display</td>
<td>22,00</td>
<td>-5</td>
<td>-10</td>
</tr>
<tr>
<td>Video advertising</td>
<td>3,80</td>
<td>+30</td>
<td>+17</td>
</tr>
<tr>
<td>Search engine optimization</td>
<td>7,40</td>
<td>+18</td>
<td>+15</td>
</tr>
<tr>
<td>The social media marketing (SMM)</td>
<td>13,00</td>
<td>+9</td>
<td>-3</td>
</tr>
<tr>
<td>Software as a service (SaaS)</td>
<td>5,40</td>
<td>+26</td>
<td>+17</td>
</tr>
<tr>
<td>Hosting</td>
<td>5,60</td>
<td>+15</td>
<td>+8</td>
</tr>
<tr>
<td>Domains</td>
<td>2,60</td>
<td>+5</td>
<td>+0</td>
</tr>
<tr>
<td>Online retail</td>
<td>475,00</td>
<td>+29</td>
<td>+20</td>
</tr>
<tr>
<td>Electronic payments</td>
<td>476,00</td>
<td>+36</td>
<td>+20</td>
</tr>
<tr>
<td>Online travel</td>
<td>128,00</td>
<td>+22</td>
<td>+33</td>
</tr>
<tr>
<td>Other services</td>
<td>41,00</td>
<td>+16</td>
<td>+14</td>
</tr>
<tr>
<td>Game</td>
<td>2,20</td>
<td>+8</td>
<td>+6</td>
</tr>
<tr>
<td>Music</td>
<td>0,96</td>
<td>+60</td>
<td>+77</td>
</tr>
<tr>
<td>Vido</td>
<td>3,50</td>
<td>+10</td>
<td>+9</td>
</tr>
</tbody>
</table>

It is projected that Russia will rise in the ranking of countries G-20 By 2016 to fifth place at the end and get the Internet income of 2.7 trillion dollars. These figures allow us to conclude that Russia is now in a stage of active development of Internet businesses, the industry is developing and can bring abnormal returns.

**FEATURES OF THE USE OF BUSINESS MODELS IN THE INTERNET ECONOMY**

The main difference between Internet companies from "traditional" lies in the business model. To better understand the essence of the Internet companies need to examine their use of business models.

The frequently used term "business model" has different interpretations. In this case, a business model is "the set of variants of managerial decisions in complex with consequences that these decisions entail a" [12]. The underlying business model is presented in Table 2.

The main changes in business models under the influence of the Internet, began [13]:
- the transformation of chains of creating added value and value chains in a more dynamic network marketing/create value;
- Virtualization of business, the transfer of many business processes to external
contractors (outsourcing);
  • Marketing policy of firms became more transparent for consumers, because the Internet has reduced information asymmetries in the markets;
  • Brand management has become interactive

<table>
<thead>
<tr>
<th>Group I</th>
<th>Description</th>
<th>View</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>B2B (business-to-business)</td>
<td>business to business</td>
<td>Group II (Michael Rappa (2002))</td>
<td>Brokerage model</td>
</tr>
<tr>
<td>B2C (business-to-consumer)</td>
<td>business to consumer</td>
<td></td>
<td>Advertising model</td>
</tr>
<tr>
<td>C2C (consumer-to-consumer)</td>
<td>the interaction of two physical end-consumers;</td>
<td></td>
<td>Information model</td>
</tr>
<tr>
<td>C2B (consumer-to-business)</td>
<td>system treatment prices for which consumers would purchase goods and services</td>
<td></td>
<td>Trading model</td>
</tr>
<tr>
<td>B2A (business-to-administration)</td>
<td>business operating transactions between private companies and government institutions (administration)</td>
<td></td>
<td>Efficient model</td>
</tr>
<tr>
<td>C2A (consumer-to-administration)</td>
<td>a business built on the organization of relations between individuals and public services</td>
<td>&quot;Community&quot; model</td>
<td>Users of online communities share with each other a lot of information related to their interests</td>
</tr>
</tbody>
</table>

Developed by the authors

**DISCUSSION**

As a result of generalization, analysis and systematization of theoretical and analytical information on issues of formation and development of the Internet economy revealed
that the development of the Internet has led to the emergence of two new trends in existing distribution systems. On the one hand, modern information technology has created an opportunity for a wide range of manufacturers to access consumers their products, which allows to avoid construction of multilevel distribution systems and to interact with consumers on the level of direct marketing. On the other hand, the Internet has caused the emergence of a large number of intermediaries, the main role of which is to provide information services to all market participants on the Internet [14]. By the end of 2016, it is projected that Russia will rise in the ranking of countries G-20 to fifth place at the end and get the Internet income of 2.7 trillion dollars. These figures allow us to conclude that Russia is now in a stage of active development of Internet businesses, the industry is developing and can bring abnormal returns.

CONCLUSION

Thus, the authors presented a survey show that mass adoption of information and communication technologies in the economic activity has not led to an increase in productivity and profits in traditional sectors of the economy. The Internet economy in the modern economic system is subject to two basic tenets: the main buyer of the products of the Internet economy is the Internet economy and the main product of the Internet economy are the new mechanisms of sale of products of the traditional economy.

Thus, the Internet economy has become not just a leading tool of globalization, but also part of the backbone of the world economy. The Internet stimulates economic growth of highly developed countries and gives the chance for growth and integration into the world economy to less developed countries. The Internet economy should not be contrasted to "old" economy that supports the material needs of society, although the Internet economy is a new and independent economy, leading to the revision of the basic economic postulates. Technologies are creating a new online economy that is based on knowledge and not on expanding the consumption of non-reproducible resources" [15].

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