

Value as a Business Concept Driving Internet Development In Albania

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ABSTRACT

Many companies are now using the Internet as their main business of as part of their strategy. The aim of this paper is to show that basic business and marketing concepts apply also in internet marketing. The paper focuses on Albania, as a case study to find the facts that show the first experiences of businesses that want to use this new model of doing business. As a conclusion of the study, it can be seen that a good business plan is needed before investing marketing dollars on-line. Basic concepts of marketing, such as the added value of activities, the importance of the customer needs, as well as business strategy are the guide to improved results of business also through this new powerful medium, Internet.

Keywords: Internet, Value chain, Web site, Customer, e-commerce, e-business.

INTRODUCTION

It goes without saying that the Internet is fast becoming part of our collective psyche. The business community is by no means immune from this seemingly never-ending wave of technology as it enters into an era that has commonly been dubbed the “new economy.” Despite recent setbacks in the “dotcom” industry, it is estimated that the volume of Internet-based electronic business (e-Business) will exceed one trillion dollars by 2006, with the vast majority of transactions being attributed to business between companies, as opposed to consumer sales (Forrester Research 1999). The term “e-Business,” generally synonymous with “e-Commerce” (electronic commerce), is difficult to define. At the simplest level, it refers to the use of Internet technologies to support companies’ business activities and functions. More specifically, it encompasses the provision of extensive information content, diverse communications services, electronic commerce capabilities and hosted business applications, to name a few key examples. Because the Internet and Internet use are so rapidly evolving,

it is difficult to determine current levels of business use. That said, one recent benchmarking study attempted to characterize Internet business use with respect to demographics and behaviour (Clemente 1998). It was estimated that corporate users account for 33% of all Internet users and that, in this context, the Internet is primarily being used for content acquisition, online research and document exchange. Nearly two-thirds of adult users of the Internet utilize it for some business purposes while one-third use it more than half of the time for this purpose. While most business users have access to high-speed Internet connections, it is small businesses (less than 100 employees) that currently dominate the Internet business landscape, accounting for over 40% of all business users and growing. Mid-size companies—100 to 1000 employees—account for just over 20% of all business users (upward trend), large companies—over 1000 employees—account for just less than 30% of all business users (downward trend), while the remainder is attributed to the emerging home-based business sector (upward trend). The fundamental question driving this research revolved around understanding how the forest products industry is adapting to the new economy. While a great deal of research has been conducted on understanding this problem in different countries, very little work has been focussed on better understanding the specific needs of businesses in developing countries and specifically in Albania. This paper discusses the results of a survey on Internet use and e-Business adoption according to the relationship with value chain and business concepts in different companies in Albania.

This paper aims to show that the guide to Internet uses is nothing but the basic concepts of business and marketing. This is to be true also in Albania which has lately been introduced with innovative Internet technologies.

Methodology

At the very beginning, some secondary data about Internet development in Albania are analyzed. This paper has drawn some conclusions through a survey with 50 businesses that have a web site, or use the Internet as a tool for e-commerce or e-business. The observation of sites of different companies in different fields of activities has helped in designing a questionnaire about the importance those businesses saw in Internet, its main uses, as well as the manner how they constructed their web site, the most important elements considered, such as business and marketing strategy, customer type, profitability etc. The data about the traffic and the results achieved will show if there is any relationship between them and those elements.

INTERNET AND TECHNOLOGY IN ALBANIA

Lagging behind its Balkan neighbours, Albania is making the difficult transition to a more modern open-market economy. Latest Population Estimate according to US Census Bureau is 3,619,778 for 2008. According to World Bank national Income measured by GNI per capita is US\$ 2,080 ('05). While Country Size (Area) is 28,748 sq km - Population density is 108 persons per sq km. The economy is bolstered by annual remittances from abroad of \$600-\$800 million, mostly from Albanians residing in Greece and Italy. The government is also moving slowly to improve the poor national road and rail network, a long-standing barrier to sustained economic growth. On the positive side, macroeconomic growth was strong in 2003-07 and inflation is low and stable. The government recently is aiming at the reduction of the grey economy and attraction of foreign investment. Part of this overall strategy is the adoption of new information and communication technologies, not only in governmental activity, but also in relationship with businesses.

Communication infrastructure is an important element for inciting the use of ICT. So, despite new investment in fixed lines, the density of main lines remains low with roughly 10 lines per

<i>Cellular subscribers</i>	27.6
<i>Internet users</i>	0.40
<i>Personal computers in use</i>	1.20
<i>Telephone mainlines</i>	7.10
<i>Telephone mainlines and cellular subscribers</i>	34.8

Tab 1.1 Technology

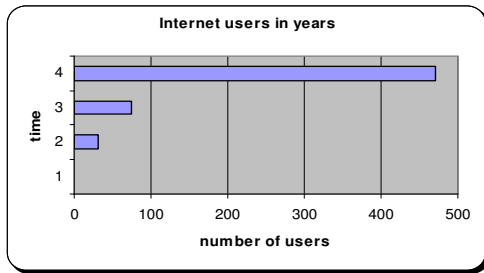
100 people; cellular telephone use is widespread and generally effective; combined fixed line and mobile telephone density is approximately 60 telephones per 100 persons. Offsetting the shortage of fixed line capacity, mobile phone service has been available since 1996; by 2003 two companies were providing mobile services at a greater density than some of Albania's neighbours; now, there are three of them and the competition is growing. Internet broadband services initiated in 2005; internet cafes are popular in Tirana and have started to spread outside the capital. Number of national ISP- is also growing, from only two in 2003, to 7 in 2007, and other regional companies that are trying to begin a national activity. Croatia, and Greece; the Trans-Balkan Line, a combination submarine cable and land fibre-optic system, provides additional connectivity to Bulgaria, Macedonia, and Turkey; international traffic carried by fiber-optic cable and, when necessary, by microwave radio relay from the Tirana exchange to Italy and Greece (2007).

Internet Usage and Population Statistics

There are 471,200 Internet users as of August/07, 13.03% of the population, according to the International Telecommunication Union - ITU

YEAR	Users	Population	% Pop.
2000	2,500	3,083,300	0.1 %
2002	30,000	3,084,586	1.0 %
2006	75,000	3,087,159	2.4 %
2007	471,200	3,087,159	15.3 %

Tab 1.2 Internet users and population



As we can easily see, the development of technology is growing from a situation of inexistence. The number of Internet users, as well as cellular subscribers is growing faster in the recent years. These conditions bring a new opportunity to companies which want to find new ways to communicate with their prospects or do business. Web site development has been also one of the growing activities in these years in Albania.

BUSINESS VIEWPOINT OF INTERNET USAGE

Internet is becoming today one of the fastest growing new technologies. By any criterion – number of computers connected, domain names, active web sites, web pages or people connected – the growth of the internet has been spectacular.

Business use of the Internet is also growing more than expected. Since business exist because of the concept of value, this concept is very important to be implemented also in relation with Internet (Reicheld 1996). Businesses need not think of the Web as only a venue for selling (Zimmerman 2002). Although some find it a great way to generate revenue, many more businesses use it to increase brand or product awareness, enhance corporate image, provide information or display samples of goods or services, generate lists of prospects, build relationships with customers, improve customer service, gather information about customer demographics, find business partners, dealers. Franchisees or vendors, save money by lowering the cost of customer communication and support etc

To early internet entrepreneurs, the web looked like a perfect business opportunity: al up-side no risk. Indeed some of the first companies on-line did well because *competition* was limited, even though the audience was small and they enjoyed the novelty of being first. As web-sites proliferated, ventured capitalists entered the arena under the assumption that the Internet would generate as much money as a winning slot-machine. Soon, however, it became apparent that selling online had its own challenges.

Now the situation has changed a lot. Surveys by Verizon SuperPages, IDC and eMarketer all show small businesses increasing their use of the web as a tool for customer relations, marketing, advertising and communications. As of October 2001, almost three quarters of small businesses had Internet access, which they used for e-mail and research and more than 30% have a web site, however only 11 % of small businesses sold directly online and they averaged only a few sales per month. For those businesses that did sell online, on-site sales as a percent of total sales grew 23 percent between 2000 and 2001. The situation in Albania is different. There is a limited number of websites, in comparison with developed countries. Two thirds of small businesses said they do not need a web site. Actually they do not understand the importance of Internet to their business. Even from those businesses which have a web site (about 56 percent) reported that the site did not provide a great traffic, whatever its purpose. But, more than half of them responded that they expected the amount of business generated from their site to increase.

There are 6 search engines that can be used to find all the Albanian web sites, that can be accessed from the Albanian page of the Internet World Stats¹. From a careful watching the visitor can find about 320 web sites from which only 11% are economic and business sites. Only one of them is an **information portal** that offers comprehensive and updated information for "DOING BUSINESS" in ALBANIA. that is composed of informative pages, business guides online, manuals and more. Taxation on legislation, taxes, customs, financial system, licensing, certification, public procurement, demographics, economy, macroeconomic data, privatization, Institutions directory, studies, analyses, surveys, events, training, consulting, publications, projects, market place, announcements, employment, business opportunities, etc could be found.

From all business web sites only 5% deliver the opportunity for e-commerce, while others are using the web only as part of their communication strategy. These web sites have a lot to improve to get all the opportunities that the web offers to businesses.

On the other hand, the world experience shows that, not only were many more companies competing for attention, but getting new customers and fulfilling their orders, provided to be an expensive challenge. For instance, it was only after 6 years of money-losing operations that Amazon.com, the largest online retailer, reported a profit in the fourth quarter of 2001.

¹ [Albania Search Engines](#)

So, investing in a web site like part of the overall business and marketing strategy, or as a new business model itself, is a challenge that must consider the risks and profitability.

A good business plan is needed before investing dollars on-line. There is no point in establishing an e-commerce web-site, missing the back office infrastructure and the financial resources to support it. A good business plan confirms that all the bases are covered incites in setting clear goals and objectives.

With competition on the web driving down profit margins, it's critical to make sure that the cost of new-customer acquisition will not exceed the money you can make. Many now failed dot-com-ss (and their investors) were shocked to realize that the more sales they made, the more money they lost.

Failures

In the real world, a majority of small business startups fail because they get overwhelmed with overhead expenses. On the net, this is less of a problem if you can do any of the work yourself, such as building pages for your site. Even if you can't, most sites do not fail because of expenses. There are plenty of other reasons.

E-Business failures almost always have a common denominator. The issue involves traffic. On the net, traffic refers to the number of visitors a site gets. Most e-businesses (in fact about 80% of the businesses surveyed) failed to properly research whether there is enough traffic for their area of business before building out their site. The first step is always to research whether people are actually searching for your business service or product.

THE VALUE CHAIN; THE CUSTOMER AND INTERNET USE

Porter and Millar (1985) describe that the impact of information technology on business strategies are dramatic. The role of a company and its product in the buyer value chain, is the key determination of differentiation strategy for example. the new information technology makes possible the customization of products. By bundling more information with the physical product package sold to the buyer, the company differentiates itself from the

competitors. Porter (2001) further states that Internet actually provides a better technological platform than previous generations of IT, when it comes to reinforcing a distinctive strategy, tailoring activities and enhancing it.

Chaston suggests that the advent of Internet business has permitted companies to respond better to customer needs. Therefore e-commerce marketers can significantly increase the number of competitive advantage options available to them by considering the opportunities offered by the dual options of combining cost leadership with differentiation and product customization. There are many strategies for web e-commerce projects, but one has been proven over and over. Of all the strategies, the “need strategy” is the clear winner. On the web, what must be determined first are the needs of the prospects and provide solutions.

Finding what are the needs of the prospects and how does the business and the web provide a solution to those needs, will lead the path to profits and need to refocus (Christopher and Payne 2002). The trick with web e-commerce is to realize that there is look traffic and need traffic. Finding the needs of the prospects should be the first thing a business must do, in order to attain value. In fact there is evidence that market research on the web is much cheaper than in the real world. This is because the search engines used by prospects in finding different products or services they need, as well as specific programs like Wordtracker, which helps in doing a keyword analysis.

In all of today business and marketing literature staying customer focused, is just as important online as it is offline (Zimmerman 2003). Remnants of web companies litter the cyberspace. They were unable to manage their inventory, ship product, answer e-mail or fulfil customer requests in a timely fashion. Ultimately, the companies that succeed online, make it easy to do business from start to finish. That means making it easy to contact the company; making the web site clear and easy to navigate and making sure that the site just plain works.

What’s in it for me? That question must be answered, implicitly or explicitly, every time a customer walks into a store or visits a web site for the first time. Customers must understand immediately, what you have to offer that might meet their needs, solve their problems or provide information or entertainment. If visitors don’t understand what’s on your site for them within a few seconds of arriving at the home page, they will click away before giving you the chance to explain. Every successful online business knows that.

The results of the study showed that successful businesses, online and offline, understand that what the customer wants to buy is much more important than what the business needs to sell. So 50 percent of the businesses which had clear ideas of customer needs and ranked them as very important (5), are also experiencing good traffic figures. In marketing language, successful businesses focus on the benefits of the product or service, not on its features. Whether good companies are looking at ease of use of their web site or the layout of their store, they are more concerned with the customer experience than with their own skill.

WHAT MAKES A WEB SITE WORK?

The perspective of what one like's best, even when he doesn't know the principles of constructing a web site, can be successful with web marketing as with art. By learning to evaluate web design and functionality, one can intelligently discuss other web site and improve the own. The articulation of what makes a particular web site effective, may improve also the communication with the web designer, colleagues, customers and even the boss. The results of the businesses surveyed would illustrate some of the important elements that must be incorporated into a web site:

Concept

65% of businesses surveyed that pretended good results from their web sites had designed their web sites with the right elements. They understood that a web site is an exercise on marketing communications, just like the development of logos, advertisements or brochures. The first impression a site create is the most important; it is formed by the elements of graphics design – colours, layout and images-well before a viewer reads anything more than the headline of the top of the home page. The concept, the visual metaphor or unifying theme that underlines a web site design, “sells the sizzle, not the steak”. It enables the decoding of the audiences and the purposes the site is intended to serve. The messages the audiences of a site is expected to take away, only in the context of its goals and audience, enable the evaluation of the effectiveness of a site is, as well as the use of the most appropriate means of communication.

Surfing the web, one will quickly realize that the good ones maintain the same visual concept throughout. This consistency not only reinforces the chosen message, but also makes it easier for viewers to navigate the site. The concept for a web site ca be folksy or formal, avant-

garde or retro, academic or playful, sophisticated or slapstick, droll or determined. It only matters that it is consistent throughout the site and congruent with the purpose and the audience for the site. If the concept of the site contradicts the message it intended to convey or turns off the audience it is trying to reach, it will not achieve its marketing goals no matter how beautifully it is executed.

Content

Although 57% of companies surveyed experience lack of important elements like videos, pictures or other multimedia, 75% ranked those elements as important for their sites. To fulfil the purpose of a site, content- the words, pictures and multimedia on the screen-must be relevant, stated clearly and communicated quickly. Like everything else on the web, creating good content, is an art. Don't feel that you have overwhelmed visitors with every single bit of information ever created about your company. In fact, a site that stays tightly focused on your marketing mission will be more satisfactory to the viewers and the bottom line.

Navigation

How well can a viewer get around the site? Site designers can facilitate navigation in many ways that include:

- Offers a clear, complete home page that is always accessible with a link on other pages, 87% of sites.
- Lets users know with the menu on the home page how the content is organized, 90% of the sites.
- Keeps the main menu available on every page, 100% of the sites
- Restrains the number of main on screen options to no more than 6 to 10, 46% of the sites.
- Allows viewers to reach any place on the site within two or three clicks, 74%.
- Guides users with consistent visual cues such buttons, layout, and prompts.

Decoration

The unique style of a site – what most people think as web design – is actually the servant of concept, content and navigation. Decoration refers to the graphic and multimedia elements that are as unique to a site as the logo or company name. Designers are fond of saying “God is on the details”. Albanian sites have to improve a lot in this regard.

The bottom line

The internet is here to stay, usage is growing, and the rate of change in the business world will only increase. Using online market research to enhance your efforts may seem daunting, but it can help in achieving business goals. Contrary to expectations, it is possible to analyze any web site for its effectiveness in achieving goals.

The most complex problems are no technology based, but business based: finding your target market, turning prospects into customers and keeping them as repeat business for product or service. The internet and the web are just other methods for solving those problems

Site evaluation and competition

Even after knowing the core elements to build an effective web site, a company must always stay alert of competition and visitors. As said before, traffic and the kind of visitors is the crucial element to evaluate web site effectiveness.

Once your site is up and running, the best method for getting immediate traffic is pay-per-click search engine marketing. Although you have to be patient, you should also be focusing on search engine optimization as a long term strategy.

Search Engine Optimization – “SEO”

Search engine optimization, or “SEO” as it is better known, is the definitive long term Internet marketing strategy. So, what is it? SEO simply refers to taking steps to make sure your site appears high in non-paid search results on Google, Yahoo and MSN.

The reason SEO is considered a long term strategy is...well, it takes a long time. If your marketing is focusing on highly competitive keywords, such as “Europe travel”, there is so much competition that you could be looking at two or three years before getting top rankings.

The time period is really a factor of how fast you can build links. Sometimes you can move up within 6 months, but sometimes it takes a few years.

Is it worth it to wait for 2 years to get into the top five for “Europe travel”? There are over 2,000,000 searches a month for the keyword phrase. What do you think? If you offer a service or product related to traveling in Europe, how much money would you make if even 1 million people visited your site each month? Think about that.

The Big Three

There are three, and only three, search engines that matter when it comes to seo – Google, Yahoo and MSN. What about Alta Vista, etc.? They simply don’t have enough traffic to make them worth pursuing.

There are four keys to SEO. First, you must research the amount of traffic various keywords are receiving. Second, you must modify your site to include the exact keywords phrases in the meta tagging and text. Third, you must add and add and add content to your site. The more content, the more the big three will like your site. Finally, you must trade links with other sites that have content related to your site.

The keys to pursuing a SEO marketing strategy are discipline and patience. Let’s take a quick look at each.

You must have the discipline to stick with your SEO effort when you are seeing no results. The desire to throw one’s arms in the air in frustration is going to be strong. Just remember that every step you take today will pay off down the road.

Patience balances feelings of frustration and you are going to have a lot of those. Look, it is going to take a long time, so resist the urge to whine. Stick a sign up over your desk counting off the months or have a regular exercise routine. If nothing else, you can day dream about all of the free traffic you are going to get one day.

Search engine optimization is not for the weak of mind or impatient. If you can stick with it, this long term marketing strategy always pays off.

CONCLUSIONS

Internet is an important element of the communication in the world today. Albania, one of the latest countries that entered the market economy is developing also in regard of the use of such powerful mediums. With some strategic planning, well planned work, and modest funds,

not only web site can be created or upgraded, but also online marketing efforts will *produce results for the business*.

While the demise of hundreds of venture-funded dot-com-s attracted press attention, hundreds of thousands of other small businesses discovered *web profitability* by following *basic business principles*.

Business strategy is the guide to avoid failure. Whether selling online or whether creating a web site to supplement your offline business activities, the essentials of business are the same:

- It is profit not gross revenues that count
- It is easier to sell a second product to an existing customer than acquire a new one.
- A new online store needs the same level of care as a brick and mortar storefront
- Customer satisfaction is the driving principle behind all successful businesses, whether they are online or offline.

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