

The Internet's Impact on the Marketing of Services: The Case of Electronics Companies in Albania

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ABSTRACT

The paper discusses the effect of the level of Information Technology (IT) usage on the optimal marketing strategies of Albanian companies. In particular the paper focuses on the relationship between the level and deepness of IT usage and the improvement in the quality of services and marketing of products that are associated with IT usage. The paper also investigates if IT usage stimulates the acquisition of bigger market share for companies in the industrial sector of Albania. Recent developments in Albania are found to be strongly related to the globalization and internationalization of businesses on one hand, and the predominance of services over products on the other hand. IT usage is also found to significantly impact marketing strategy of the typical Albanian company. The results should encourage further incorporation of IT into the marketing mix of Albanian companies

Keywords: IT, Internet, Globalization, Marketing, Services.

INTRODUCTION

Less than a decade ago, many companies the world over failed to fully appreciate the full potential of the World Wide Web as a marketing tool alternative despite the internet's explosive growth at that time (Berthorn, Pitt and Warson, 1996). Although the situation is certainly

different now, it appears Albanian companies in particular have still not fully been able to employ IT effectively in their marketing efforts. In addition, there remains a great need for companies in Albania to use IT to integrate traditional promotion and internet marketing of goods and services to generate web traffic and build recognition (Lichtenthal and Eliaz, 2003). With regard to the usage of IT in business, there is still a concern with traditional promotion because traditional promotion, a strategy that involves broadcasting to a vast number of prospective customers, has not been successful on the web (Ranchlod and Tinson, 2009). This paper makes a contribution to the literature by trying to provide answers to why the internet has not been much of a help in marketing electronics in Albania.

BACKGROUND

Whether a business is small, large or merely a glimmer of a dotcom dream, marketing through the internet is often useful for all aspects of doing business. Marketing through the internet covers every step from integrating web efforts into an overall business plan to building a web site that at the end works for business creation and for maintaining key customers.

Adapting new technology associated with the internet presents a challenge to all companies in both developed and developing countries but the rewards are substantial. Even if it does not revolutionize the proper business, the internet will almost certainly provide a new tool for collecting, analyzing, and reporting information. Companies with are oriented to the needs of the customer or to the market need information to guide every decision (Kotler, 2007). In this way, while the internet is unlikely to affect the problem definition, design, and analyses stages of the

marketing problem for every company, it can affect the middle stages of data collection in terms of both efficiency and effectiveness.

IMPORTANCE OF THE STUDY

Usage of the internet as a marketing tool is timely and will become even more important in the future. This is particularly important for the transition economies, and transition companies, which of course are in the early stages of globalization. Developing an understanding of the use of the internet as a marketing tool is currently very pertinent because:

1. The internet creates and helps maintaining a solid base of information on Internet demographics, user buying habits, and business transactions.
2. Many new web sites stimulate customer imagination and serve as models for web development.
3. The internet prompts businesses to look at sites in order to understand their effectiveness from a design, content, and marketing perspectives.
4. The internet helps countries like Albania to create a marketing network which will work efficiently due to web sites of proper businesses.
5. Web sites include more new and updated information about financial objectives, including computing return on investment, breakeven point, and conversion rates for web sites.
6. There is lots information on marketing communication and human factors for web design
7. There are new models and latest trends for preparing the fact changing world of electronic commerce.

LITERATURE REVIEW

Every click by an internet user presents an opportunity for personalization, a chance for companies to provide prospective customers with specially selected information. A web site that is highly usable keeps the user at the site (Kotler, 2007). What companies need to understand is that given numerous users on the web companies that include internet for marketing purposes have an edge in competing for customers, times, value for money, customer driven oriented products (Ranchlod, A, Zhou, F., & Tinson (2009).

Web site success requires companies to understand the importance not only of promotion and of following up with the target audience but also of regularly evaluating the content and of maintaining the quality of the web site (Lichtenthal, J., & Eliaz, S. (2003)). Therefore, it is important not only to adapt an internet web page for each company, but also to design their proper web sites to be informative and engaging and to make visitors wants to return or tell their friends to visit. In this way, the site's content must provide adequate navigational tools (Porter, M.E. (2009). A well designed web site is essential in increasing the number of new visitors, maintaining existing customers, and guiding them to decision taking or having the products and services.

The internet has unleashed creativity, business opportunities, and phenomenal growth in software, hardware, and services to support its expansion (Porter, 2009). Studies have shown that the contribution of the Internet in some economies, including infrastructure and advertising,

exceeded USD 700 billion by the end of 2005. A web is not a venue for selling. Although some find it a great way to generate revenue, many more businesses use it to:

1. Increase brand or product awareness
2. Enhance corporate image
3. Provide information or display samples of goods and services
4. Generate lists of prospects
5. Build relationships with customers
6. Improve customer service
7. Gather information about customer needs and preferences for future product development
8. Better understand customer demographics
9. Test consumer response to discounts or special offers, etc.

This article investigates whether the internet and the web can make business in Albania more successful and more profitable. But not all the businesses in an economy recognize the importance of having a simple website. Also, it must be underlined that staying customer-focused is just as important online as it is offline.

METHODS

The design for this research is based on case study methodology, the preferred methodology for dealing with “how” and “why” questions such as those used in this study. The findings of the paper is supported by quantitative analysis and a detailed and very qualitative theoretical approach. The qualitative approach uses information information gleaned from survey questionnaires. Data analysis consisted of examining, categorizing, and recombining the evidence to respond to the research questions. The critical part of data analyses was to evaluate data for their informational adequacy, credibility, usefulness, and centrality.

100 albanian companies were selected to respond to the questionnaires. In order to fulfill the purpose of the paper, the questionnaire itself consists of 5 sections outlined below:

Section 1 – gives a general overview of the company;

Section 2 – gives the way companies perceive a website;

Section 3 – gives quantitative informations about the structure of the website;

Section 4 – shows how a website might influence over the marketing of the relationship with the customers;

Section 5 – shows what the company plans to change in the future regarding IT issues.

DISCUSSION AND CONCLUSIONS

Results from the first and second questions in the questionnaire indicate that the companies in the IT sector apply for and have their own website or have access to the Internet mostly after the first year of their business activity and after dealing with the various difficulties in that phase.¹ Moreover, only a few companies or none of them plan on using IT in the marketing of the respective services they offer.

Analysis of the responses regarding the internet access for the companies in the sector show that, at least in the sample we got, representing all Albanian companies, most of companies don't have internet access. On the other hand, more recently:

- there is a growing trend of the number of companies in this sector that pay attention to the internet and, generally, to the benefits of IT.
- the internet is being used for marketing purposes.

¹ You might find the respective questions and charts respectively in the questionnaire and charts section inside the appendix.

Results from the third and fourth questions are summarized as follows:

Most of the companies in the sample analyzed don't have specific personal that maintain their websites, which causes problems in the estimation of their service quality. Maintenance is usually managed by a single person, or it is assigned to the IT staff members as a second-hand task. Still, a considerable number of companies have special staff assigned this task and this is something positive. From the results, it can be seen that most of the Albanian companies analyzed spend a considerable amount of money on internet services. This directly depends on the importance that Albanian companies give to the internet or, generally speaking, IT.

The results provide strong evidence regarding the importance these companies attach to the expenses related to the internet. This explains the establishment of IT departments in some cases. These companies do spend a considerable amount of their budget for the internet but, from another point of view, if we sum up the number of companies that spend too little and the ones who spend a small percentage of their budget for the internet, one might notice that this is the majority of the companies analyzed. In almost all the Albanian companies analyzed the internet is considered as very important and necessary. This shows that the companies in the Albanian IT sector have a positive perception over the internet importance.

Results obtained from survey questions 7 – 10 are summarized as shown below:

In most of the companies their website is seen as a system helping them to know their customers. Also, in all these companies it was admitted that the website positively influenced company

performance. The interviewees were objective on this point, because they could have answered negatively considering the extra costs. This shows that, in these companies, people are aware that expenses on internet are something usual nowadays. Most of the Albanian companies in the IT sector, part of our sample, advertise their activities in other websites. This is another marketing strategy that the internet offers.

Among the services that a company offers in its own website, is the multilanguage opportunity, where the common language used together with the national one is English. Here, we can distinguish the SMEG branch of Tirana which is a website available in 16 different languages from BTC Albania, a totally Albanian company with a website available in 3 different languages.

Answers to questions 15 point out that:

Knowing that internet is very necessary for everyone, internet access has become very easy for anyone, (adults, whose everyday tasks depend on it, and youngsters). One of the most pertinent findings, either related to the future impacts of marketing, or related to several aspects of pricing, promotion, effectiveness of the channel of distribution, product packaging through IT etc., is the segmentation for marketing purposes. There is a small percentage of companies that use online segmentation. This is due to the limited usage of internet in Albania and also because a proper segmentation according to demographics, life style and the customer's behaviour is very difficult to do.

There is low usage of online applications for the marketing of consumer relationships. A reason for that is that Albanian companies are not yet aware of the effectiveness of this process. Actually, this goes along with the fact that the companies in the IT sector should have some of their employees trained in order to have an effective process for customer training. This will shift the Albanian commercial society faster towards the so-called *Consumer Society*, which is nothing less than dealing with the consumer one to one (face to face through IT), otherwise, taking the order from the customer through the internet and preparing the product according to this individual order. Though modern societies have already achieved this stage, it is a useful target for those Albanian companies that operate successfully in the IT sector. Nowadays, the world is moving towards the **customer service** method of marketing, and is using the proper technology to support that in order to raise the service effectiveness and also the net earnings. On the other hand, we can't assume anymore that the Albanian companies aim to or simply use the (old) principle "The customer is the king". In this way, pricing methods don't follow the market trends.

Regarding **brand equity**, an equal percentage of the interviewed people see internet as, first, a way of building a good image in the long-run or, second, rather as strengthening the traditional methods of marketing. This shows appreciation of the service mentioned and it also means that, knowing that both of the goals mentioned in the sentence above are crucial for a company, the internet usage is taken very seriously.

This article set out to demonstrate the influence of IT on the marketing path that Albanian business are following. The internet revolution has dramatically changed the way Albanian businesses compete with each other and clients too, the way customers shop, and the way companies collect, store, and process data on consumer behaviours. Internet and other electronic services from the Albanian companies might still be considered a luxury service. Using up-to-date appliances enables companies to cut costs and time in any business activity, but it still remains limited here. This is true for most of companies, while recently something has changed in a good way for the companies in the IT sector, being the reason why we focused on them. These changes are evident from the results above. Regarding the first two sections of the questionnaire, the number of companies that use the internet service is increasing rapidly, but the majority of them do not have access on the internet. This may be seen as occurring due to several facts. One of the most important facts is that the industry of IT appliances was seriously damaged by the recent global economic and financial crisis. Meanwhile, the rapid increase can be ascribed to local political developments, with the growing number of those companies which are using internet for marketing purposes.

During the communist regime, Albania was not connected with the Western countries and, therefore, could not follow the developments there. After political changes took place as the communist regime fell, the private sector began to strengthen under the conditions of a new and fragile market economy, but the word "internet" was unknown. Maybe the location was a disadvantage, increasing the costs of having this service. Anyway, the local companies do consider the internet technology as necessary and very important. This is true considering the

fact that the companies are increasing their part of expenses for the internet and other IT-related issues. The Albanian IT companies are relatively new in the market and they are trying to make profits from the internet after only a few years after their foundation. So, after facing the difficulties of the first years, they create their own website to be up-to-date with the latest technological developments, to be competitive in the market or to gather relevant information. Being still in the initial phases, most of the companies analyzed above don't have properly trained staff to deal with IT issues. Yet, their existing staff seems well-informed when they consider a website as a system that recognizes the customer needs and reacts in order to fulfill them in time. The reality is different though. Until now, everyone is happy with the internet impact over their company's performance. They think it has influenced marketing positively. Based on this, most of companies advertise themselves in other websites.

Regarding the third section, the services offered in the websites are not good enough, despite the obvious improvements made. Companies have made their website available in more than one language, (adding an English version), regularly update their websites and also created easier ways of distribution. Yet, it's still early to talk about online sales in the small companies. Maybe the environment and infrastructure, or the financial situation is not the best possible to consider that. Online sales can be seen mainly in the big companies, like: Infosoft, CCS etc. that usually don't have problems with the payments. Another important thing to mention is that the company usually notifies its customers through newsletters or personal e-mails for every new product available or other relevant news.

Regarding the fourth section, we have focused on the customer relationship issues. Irrespective of personal objectivity of their opinion, 88% of the company personal think that their websites create unity in the relationships with the customers. The users of these websites are of different ages, but that's not the case of a real online segmentation, which remains a strong challenge even for the biggest companies worldwide in an excellent situation financially. Online questionnaires are rare, and most of them are made from the big companies. This is not good, considering the fact that questionnaires give relevant information about the way customers' needs and desires change and about what they want more from existing products.

Customer training is a common way to differentiate services, but in Albania it is not properly used. Only a small percentage of the Albanian companies in the IT sector use this method, only the bigger ones use it.

In the pricing strategy, the companies are somewhat influenced by the customers reaction, i.e. the product that has fewer clicks in the website has a low demand, therefore its price will decrease. In this industry, there is low standardization, or a considerable variety, where each customer can find the product that fits him best. In most of the companies, people think that IT is able to create a long-run image and it strengthens the brand name more than the traditional method of marketing.

Regarding the last section about the future, companies are willing to change the quality and supply according to the customers' reaction, expand their sales through creating new branches

and increase the part of budget they use for IT expenses. So, there is a clear trend about something changing and the internet access increasing more and more. Still, research from last year showed that the increasing number of the companies that have a website is not related to IT usage. Let us hope that this does not apply to the companies in the IT sector.

Appendix: SURVEY QUESTIONNAIRE

QUESTIONNAIRE

COMPANY:

SECTION 1: GENERAL OVERVIEW

- 1. Does your company have a website where you can promote your own products?**
 - a) Yes
 - b) No

- 2. For how many years until now has your company been operating?**

- 3. For how many years until now has the internet service been used in your company?**

- 4. Does your company have a specific staff whose task would be the company's website maintenance?**
 - a) Yes, an entire staff
 - b) No, just a person
 - c) No, that is a second-hand task for IT staff members

- 5. What part of the budget does your company spend for the expenses related to the internet?**
 - a) Too little
 - b) A small percentage
 - c) A considerable percentage

SECTION 2: WEBSITE, GENERAL PERCEPTION

- 6. How does your company consider the importance of IT?**
 - a) Necessary
 - b) Important
 - c) Not that important
 - d) Unnecessary

- 7. What would be your definition for a website's function in a company?**
 - a) Just advertising
 - b) A system that helps us recognize the customer needs and react to fulfill them in time

c) Our company is very strong, but nowadays internet is necessary

8. How did the website influence over your company's performance?

- a) Positively
- b) Negatively
- c) No influence at all
- d) Unknown, we didn't analyze that

9. Does your company advertise its activities and products/services in other websites?

- a) Yes
- b) No

SECTION 3: WEBSITE'S SERVICES AND STRUCTURE

10. Is your company's website available in more than one language?

- a) Yes (How many languages? _____)
- b) No

11. How often does your company's website get updated?

- a) Every time we create a new product
- b) When there are several new products available
- c) Very often – we want to be very active on the net
- d) Not that often – we mostly use not-online promotion

12. Does your company offer online sales ?

- a) Yes
- b) No

If yes:

- Has your company had problems with credit card payments?

- a) Yes
- b) No

- Does it create time advantage regarding distribution and ordering, both for customers and the company?

- a) Yes
- b) No

13. Does your company offer the news-letter service (informing the clients through sending them e-mails for the latest news from the company's activity)?

- a) Yes

- b) No
- c) Maybe soon

SECTION 4: CUSTOMERS' RELATIONSHIPS

14. Does the company's website create unity in the relationships?

- a) Yes
- b) No
- c) No influence at all

15. The users of your company's website are mainly:

- a) Adults
- b) Youngsters
- c) Distributed among different ages
- d) No information about that

16. Does your company apply the process of online segmentation?

- a) Yes
- b) No

17. Does your company make online questionnaires for its customers in order to analyze the customers' needs?

- a) Yes
- b) No

18. Is your company involved with online training of its customers about its own products?

- a) Yes
- b) No

19. In the pricing strategy, does your company get influenced from the customer reaction over the specific product?

- a) A little
- b) Not always
- c) Very much

20. How does IT influence your company's brand equity?

- a) It strengthens it more than the traditional marketing method
- b) It creates a long-run image
- c) It creates a short-run image
- d) No influence at all

SECTION 5: THE FUTURE

21. Will your company use the feedback from the questionnaires to improve the quality of products and the offers made to the customers for the future?

- a) Yes, of course
- b) No, the products of our company are standard

22. Does your company plan to expand its market outside national boundaries, since the internet can offer worldwide popularity?

- a) Yes
- b) No

23. Considering the vast opportunities that internet gives, does your company plan to raise the budget expenses for this service?

- a) Yes
- b) No

CHARTS SECTION

Figure 1: Companies and websites (years)

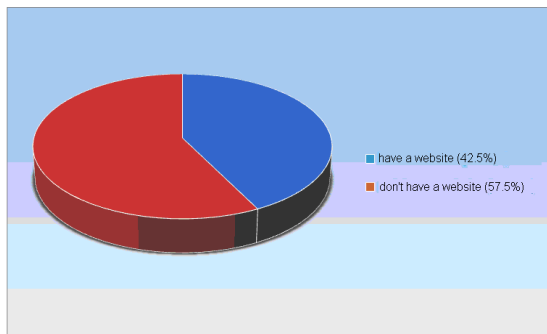


Figure 3: The internet access responsibilities

Figure 2: The companies' activity (in years)

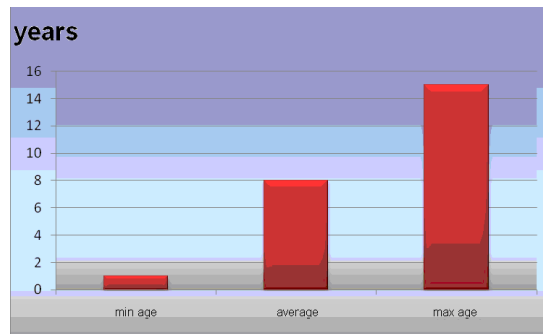


Figure 4: Website maintenance

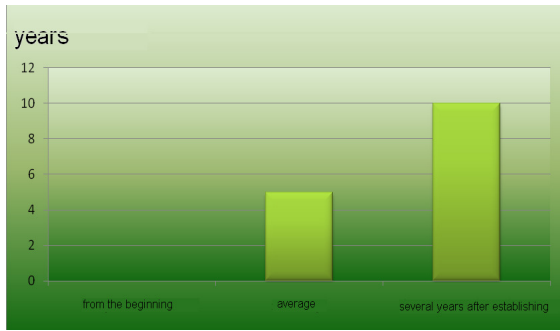


Figure 5: Budget expenses on internet services companies

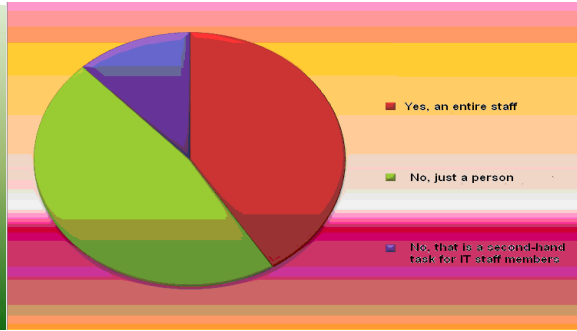


Figure 6: Importance of IT for the companies

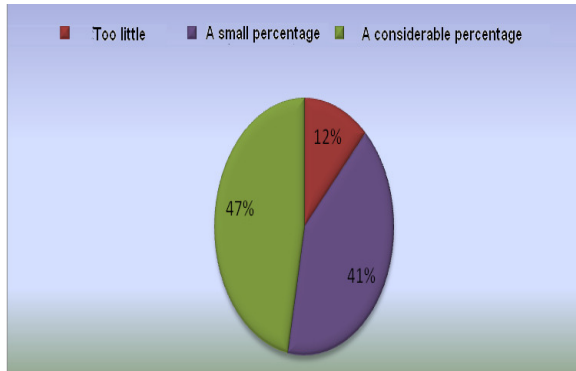


Figure 7: Website function in a company in other websites

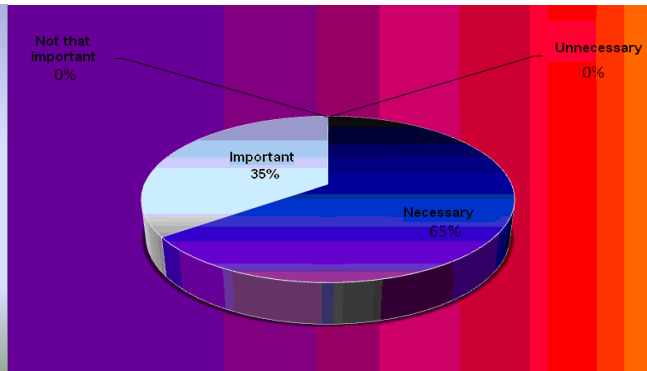


Figure 8: Advertising products/services

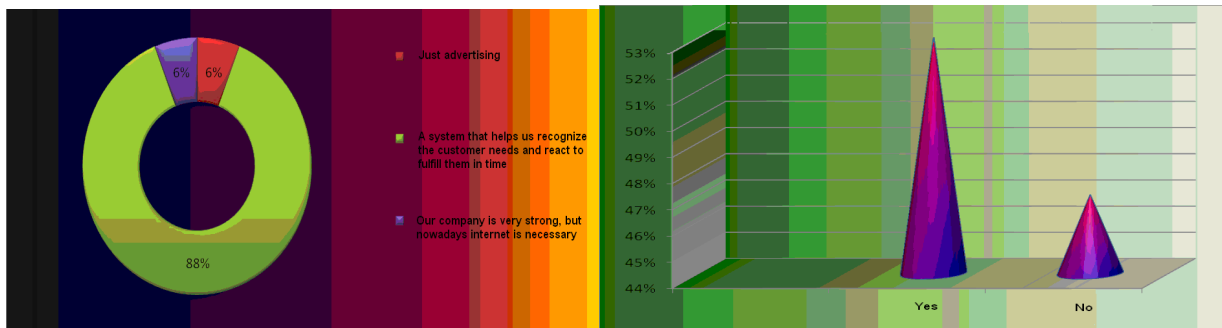


Figure 9: Multilanguage companies' websites available updates

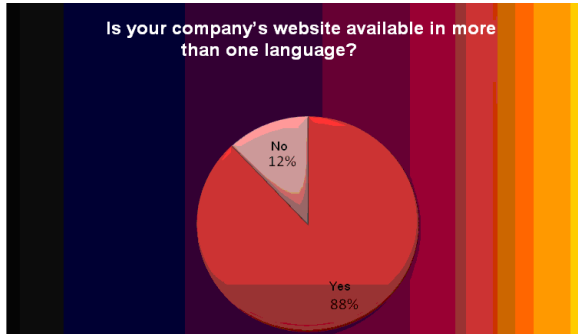


Figure 10: Company's website updates

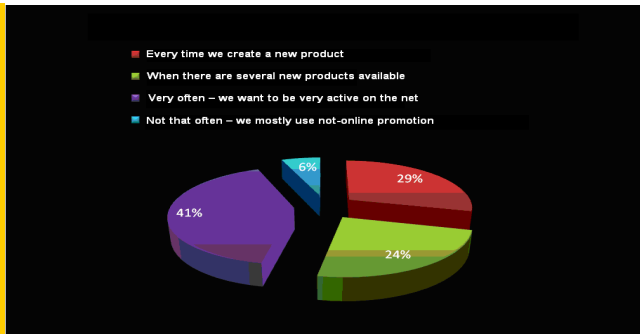


Figure 11: Online sales and credit card payment problems

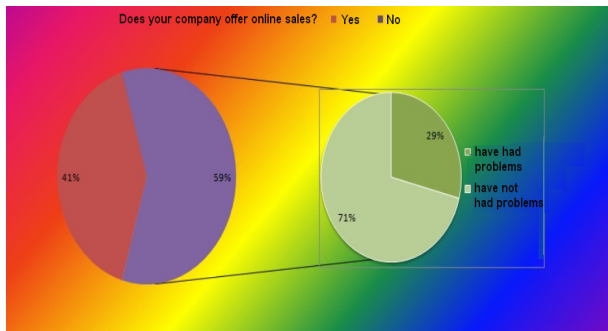


Figure 12: Newsletter service

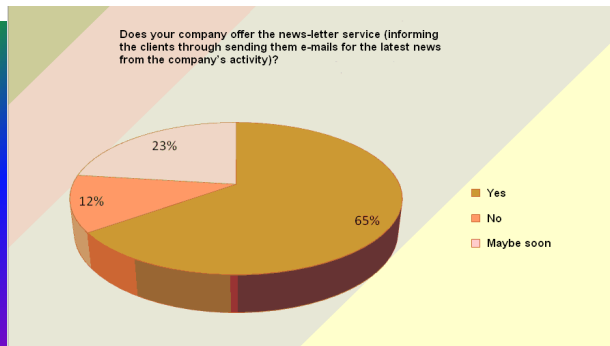


Figure 13: Websites creating unity relationships with the customers

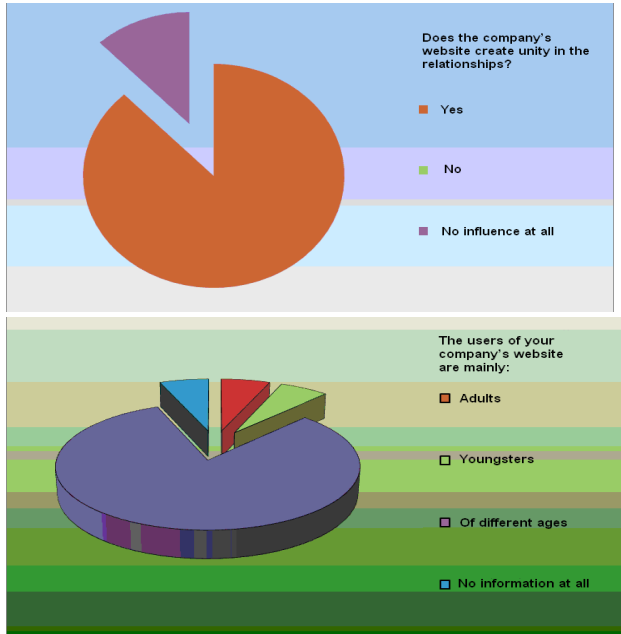


Figure 14: Website users' categories

Figure 15: Companies applying the process of online segmentation

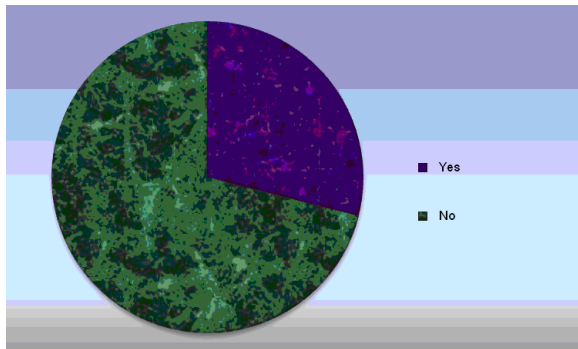


Figure 16: Online training for customers

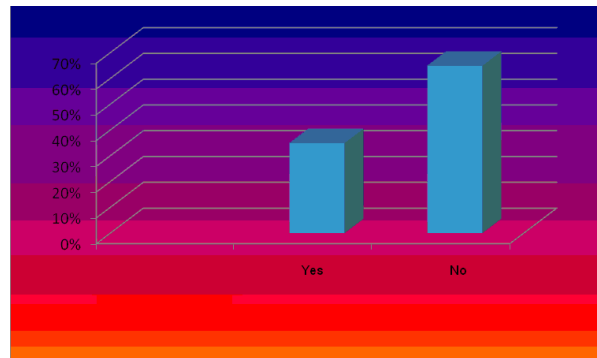


Figure 17: Influence from the customers' reaction over prices companies' brand equity

Figure 18: IT influence over

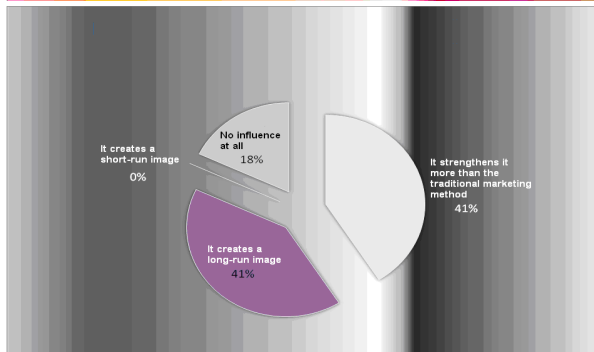
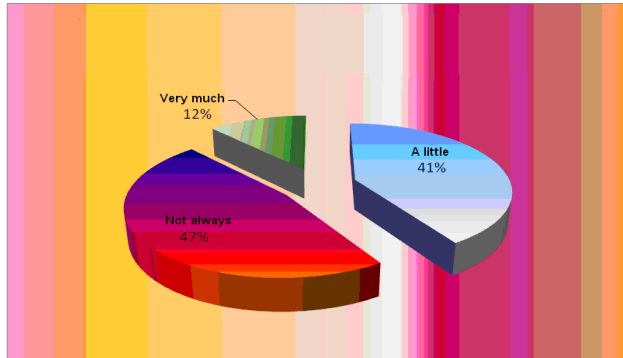


Figure 19: Improving products using the feedback towards international markets

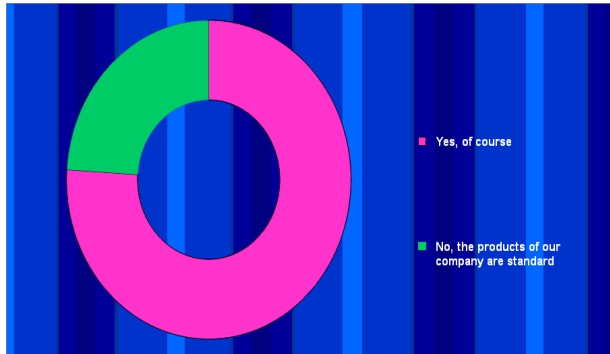


Figure 20: Companies future plans

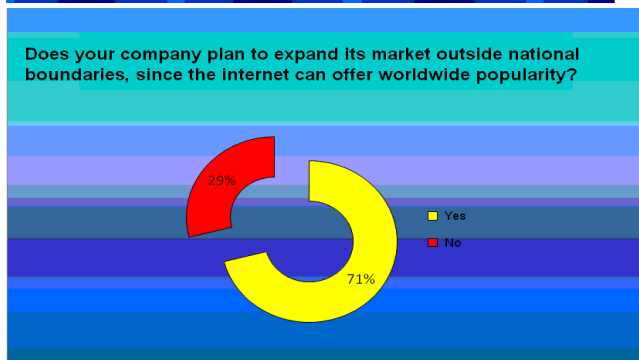
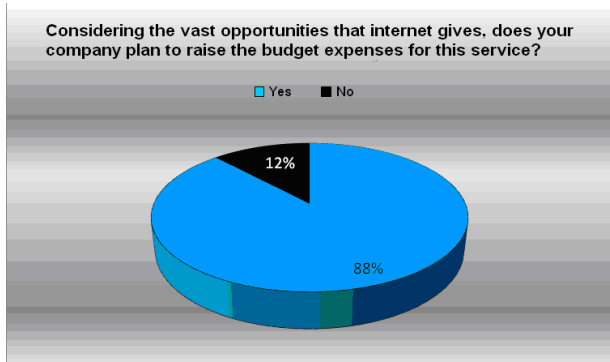


Figure 21: Companies future plans to raise budget expenses on internet service



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