

STUDY REGARDING THE OBSTACLES WHICH ENCUMBER THE ONLINE SELLING INCREASE

Țarcă Naiana

Universitatea din Oradea Facultatea de Științe Economice Oradea, str.Narciselor, nr.12A ntarca@uoradea.ro tel. 0722738758

Popa Adela

Universitatea din Oradea Facultatea de Științe Economice Oradea, str.Aluminei, nr.70, bloc D3 apopa@uoradea.ro tel. 0745137246

In order to be competitive in the current *competitive* environment is essential for a company to consider the necessity to enter the online market and into the digital business environment. *Entering on electronics market is not an easy decision to make. There is a series of internal and external factors that need to be taken into account. On one hand, issues that ensure achievement of the objectives need to be considered, and on the other the obstacles for effectively implementing the e-commerce option. Proportion of the companies that are engaged in e-commerce in Romania is still low in comparison with other European countries. Due to this fact, present study reveals the obstacles that impede a more accelerated development of e-commerce in Romania.*

Keywords: web site, online sales, online market, online store

JEL codes: L81

1. INTRODUCTION

Nowadays, IT technologies and communications represent an important economic development interest. The use of IT&C at a large scale in the economic field, leads to getting and processing information in a cheaper and faster way.

Recognizing the essential role of communications and information technology in empowering the competition potential of a company is not a recent issue. Different research and production fields promoted a lot of solutions that are mainly new in organizing the companies, but that are compatible regarding the base-principles level: flattening the decisional hierarchies, orientation on business processes, making organizational structures virtual. In this situation are: virtual enterprise, holonic enterprise, agile enterprise, liberated firm, fractal company, the learning enterprise, extended enterprise, that are capable of a prompt response to changeable conditions in business environment and to face new business opportunities.

Using the information technologies and communications, these new organizational forms, allow:

- the growth of the enterprise's flexibility, configuration and robustness to both disturbances and inside and outside variations;
- quickly and in time reconfiguration of the company, but also respecting the economic conditions, as a response to sudden and unpredictable changes in the needed production's composition and in the evolution of the environment;
- the cooperation in projecting, developing, costs-determining and production programs coordination of many individual and independent enterprises;
- to achieve the convergence of the objectives, commitments, resources and competences of many individual enterprises. The aim is to supply, in synergetic conditions, high competitive products, projects and services;

Because enterprises were confronted with more and more competitive markets, with more and more severe consumers and market segments more and more limited, it was necessary for them to find new methods to get competitive advantages and profits. Many enterprises realized that the use of information technologies and communications can determine the growth of sales' volume, the costs' decrease, the diversification of services for clients, getting new clients and clients' fidelity.

2. Which is the reason why an enterprise is using a website?

The explosive development of the Internet that happen in the latest years has the consequence of free access to international resources and practically unlimited communications.

According to a study conducted by Internet-WorldStats⁶³⁶, almost 60% of the European Union's total population uses the Internet. Romania takes the tenth place, with about 54% of total population. As it can be noticed, Romania is still bellow the European Union average.

More and more companies take advantage of this new environment in order to make market researches, to contact clients from which can get a very useful feedback, to promote their image, products and services, or for online sales.

636 www.internetworldstats.com

The use of Internet technologies has a significant impact in achieving some of the significant goals of a company: productivity growth, stock level decrease, decreased market entry costs, commodity markets growth and increased transactions efficiency.

According to the Statistical Office of the European Communities⁶³⁷, in some of the European Union's countries, such as Sweden, Denmark, Finland, more than 80% of the companies have their own website. Unfortunately, in our country the situation is not as good as in these countries: only 24% of the companies have their own website.

For some enterprises, the website has only the functions of a static or dynamic electronic "shop-front". These enterprises develop their own webpages in order to present and promote products and services, to deliver news, to attract new clients and to develop the loyalty of the existing ones. In such situations, the enterprise presents its offers on the Internet and the important issue is the quality of the offered information. For a static shop-front, the commercial offer is shown using static information presented in a web-page. This information is not permanently updated but from time to time, and these intervals can be shorter or longer. Such a situation can generate the risk that the clients will get obsolete information. On the other hand, for a dynamic shop-front, the commercial offer is generated by displaying the information directly from a database structured similar to a products' catalogue, permanently updated by the company's informatic system. This way, the clients will access up-to-date information. Other companies use their own website as an online store used to sell products and to get orders. The buyers are allowed to consult the online catalogues of products and services the company offers. This way, the clients are allowed to compare the offers from different companies by passing from a company to another, to order and to buy in seconds. In this case, the essential thing is the quality of the offered services that is mainly expressed by how much the commercial transaction is guaranteed, by the offer's availability and by the flexibility offered to the clients when they choose their orders. The client, except the qualitative aspects mentioned before, is attracted by the facility offered by this way of shopping.

An online store covers all the facilities offered by a classic commercial transaction, and also offers others more: the possibility to register information about the clients in order to store identification data and to personalize the interface between the store and the client, the possibility to store data about the buying options, to offer and manage clients accounts that can be supplied with bonuses for loyal clients. An online store assures a proper interactivity level with the clients by promptly reacting to their actions and also gives the possibility to customize the offer with elements of attractiveness.

3. The online market – a necessity for companies that want to be competitive in the current competitive environment

In order to be competitive in the current competitive environment is essential for a company to consider the necessity to enter the online market and into the digital business environment.

The option for electronic commerce gives a lot of advantages to a company, such as:

- The possibility to get new clients. The store is open all the time and oriented to global-market. The geographic border disappeared, the transaction can be „anywhere and any when”.
- The possibility to get feedback from clients. The information about clients is stored in company's databases, processed, updated and used for making efficient decisions and to quickly adjust company's activity to the changeable business environment conditions. The clients are actively involved in the process of projecting and designing the products.
- The efficiency of the promotional activity grows because of using the multimedia content and because of the facilities to update information. This allows customizing the content for each clients' category.
- The costs are reduced. An online store has a cheaper maintenance. The products storage costs are reduced by using the just-in-time stocks management.
- The reconsideration of time factor importance. Customer is granted with real time access to the offer, also orders processing time is reduced by up to 90%. Transaction speed is also enhanced.

Despite this, the economic and social impacts of electronic commerce development are different in different EU countries. For instance, the Nordic countries consider the electronic commerce as vital for being competitive. Favourable attitude of the companies is determined by the high level of development of the IT & C and, on other hand, by the advantages granted by e-commerce. These strengths are especially to be considered when there is a long way between suppliers and their customers, and also during challenging climate conditions. The South Europe countries are more reserved and the reasons are mostly social. This refers to the direct relations between the seller and the client, and also to the relations between the clients as community members. In these countries there still is the preference for the classic type of commerce. The social importance of the transaction as a commercial act between supply and demand, client and producer, generates a slowly development of the e-commerce.

637 <http://epp.eurostat.ec.europa.eu>

Entering on electronics market is not an easy decision to make. There is a series of internal and external factors that need to be taken into account. On one hand, issues that ensure achievement of the objectives need to be considered, and on the other the obstacles for effectively implementing the e-commerce option. Proportion of the companies that are engaged in e-commerce in Romania is still low in comparison with other european countries. Due to this fact, present study reveals the obstacles that impede a more accelerated development of e-commerce in Romania.

4. Data analysis and interpretation

In order to collect all necessary data, 200 questionnaires were sent via e-mail and 200 questionnaires were printed and distributed to 200 random selected group of companies headquartered in the west side of the country. 238 questionnaires were returned and only 217 were valid and used for information analysis. This means a response rate of 54,25%.

The questions were grouped as follows:

- Questions related to the company's field of activity. The companies were structured in three fields of activity as follows: manufacturing, services, other activities.
- Questions regarding companies' options in using websites, referring to the following issues:
 - the existence of the company's website
 - the website functions. Is the website limited to a static "electronic front-shop"?
 - is the website limited to a dynamic "electronic front-shop"?
 - the existence of an online store
 - Questions about how much the companies think their clients use the Internet.
 - Questions referring to what the companies think about their clients' trust in:
 - the offered services
 - confidentiality protection for the information they provide
 - security protection for the performed transactions regarding an online store
 - Questions about how much the companies think they need to form or to hire qualified employees for the e-commerce activity.
 - Questions about the existence of a e-commerce necessary infrastructure and the company's availability to invest in it.

Among the companies whose questionnaires were returned, 76 are production companies, 106 are companies dealing with services, and 34 companies are dealing with other activities.

For the beginning, the study analyzes the following aspects: are the questioned companies using a website and, if yes, which is the aim of the website? Regarding these aspects, analysis of the collected data revealed that:

- the companies that have manufacturing as field of activity use the websites mostly to present and promote products and services. Most of them (75%) use static electronic front-shops;
- the companies that supply services use the websites mostly for online sales (58,97%).
- most of the companies that are dealing with other activities, do not have a website (76,47%);
- for 42,85% of the questioned companies that have their own website, the functions of the website are limited to the functions of a static electronic front-shop;

Results are synthesized in the tables below:

The aim of the website / Fields of activity	N	Do not have a website	Website used as a static „electronic front-shop”	Website used as a static „electronic front-shop”	As an online store
Manufacturing	%	60 78,95	12 75	2 12,5	2 12,5
Services	%	68 63,55	9 23,08	7 17,95	23 58,97
Other activities	%	26 76,47	6 75	1 12,5	1 12,5

It can be noticed that only 29% of the questioned companies have a web site, this value is very close to the value that is estimated at country level (24%). 41,27% of the companies mentioned above have an online store, the other are using the website just to show and promote the products and services.

The further aspects that were analyzed refer to the difficulties encountered by the companies. These difficulties impede a more accelerated development of e-commerce. Regarding this, the collected data showed that:

- the production field companies consider that the customers which use Internet are quiet few. The services providing companies consider that customers which use Internet are many, but they also consider that customers use websites only to get information and not to shop online;

- 27% of the production field companies consider that they own the technology and necessary infrastructure for e-commerce, but 42% think they still have to improve and invest in it, but not very much;

- 76% of the providing services companies think they have the e-commerce necessary infrastructure, and this proves that these companies already invested more than the others in this kind of technology, and that these companies are more opened to use online platforms for shopping;

- the companies, no matter in what field of activity they are involved, think that the customers are still reserved to provide their personal data and also they are afraid to deliver the credit card and bank account information. Many of these customers prefer to order by phone or e-mail and also they prefer to not pay online;

- 69% of the production field companies think they should hire professional employees or to invest in such trainings for their existing employees in order to be able to enter the online market, meanwhile 87% of the companies which provide services think their employees are trained enough to enter this market.

Results are synthesized in the tables below:

Difficulties / Fields of activity	N	A	B	C	D
Manufacturing	%	21	27	11	31
Services	%	92	76	14	87
Other activities	%	36	31	12	26

- A - Low Internet connection of clients
- B - Company's technology infrastructure
- C - Clients' trust in the provided services
- D - The availability of trained employees

5. Conclusions

The Internet Romanian users prefer to use the Internet to get new information and to communicate, and very few of them use Internet for online shopping. They visit web sites more for getting information about the offers and prices and less for real online shopping.

Many of the questioned companies already have or are interested to invest both in the IT infrastructure, and also in a necessary e-commerce security platform, in order to develop an appropriate environment for online businesses. They are also interested to hire professionals, or to invest in training their existing employees in order to be able to use these online technologies.

It seems that, the main impediment against the development of online shopping is the customers' fear to use this online shopping system.

In general, all the companies, no matter the activity field, should work more to improve their customers' trust in the online shopping system.

Bibliography

1. Popescu, G., Webmarketing în România, Ed. Teora, București, 2007
2. Buruga S., Alboaic L., Servicii web. Concepte de bază și implementare, Ed. Polirom, 2006
3. Haig, M., Manual de e-marketing, Ed. Rentrop&Straton, București, 2005
4. Snell, N., Internet și Web. Ghid complet, Ed. All, 2005
5. Mukherji, A., The evolution of information systems: their impact on organizations and structures, Management Decision, 2002
6. Deitel, H.M., E-Business – E-commerce for Managers, Ed. Pearson Education, 2001
7. Feher, A., Towell, E., Business use of the Internet, Internet Research: Electronic Networking Applications and Policy, 1997
8. Granger, M. J., Schroeder, D. L., Integrating the Internet into the business environment, Internet Research: Electronic Networking Applications and Policy, 1996
9. <http://epp.eurostat.ec.europa.eu/>
10. www.internetworldstats.com