Ecommerce practices and attitudes in Greece:
A pilot qualitative study of medium-large companies - Part I

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Abstract: - Despite a significant growth of Internet usage in Greece during the years 2000-2006 eCommerce activities were, and still are, at very low levels. The study focuses on the rational and determination behind the decision of the executives of Greek companies to engage in eCommerce. The management, marketing and ICT executives of 25 medium and large corporations in Greece were interviewed. They were found to be aware of the terms information society and eCommerce and more or less agreed on the need for strategy before engaging eCommerce and the value of eCommerce as a tool and means for improvement of their business activities. However, they were pessimistic regarding the near future of eCommerce in Greece and tended to blame consumers and the public sector for that.

Key-Words: - Electronic commerce, strategies, qualitative study, medium-large companies, Greece

1 Introduction

ECommerce activity in Greece, including online shopping, ebanking, etc., is at a very low level, much less than 1% of the total value of transactions be it retail, wholesale and the rest. This is in contrast to the global increase of eCommerce activity to a level of $6.8 trillion in sales by the end of 2004 a share of 22.6% of which was generated in E.U. (Figure 1) [1, 17].

Figure 1: Worldwide eCommerce sales volume (in B of $)
Source: Forrester Research, Inc.
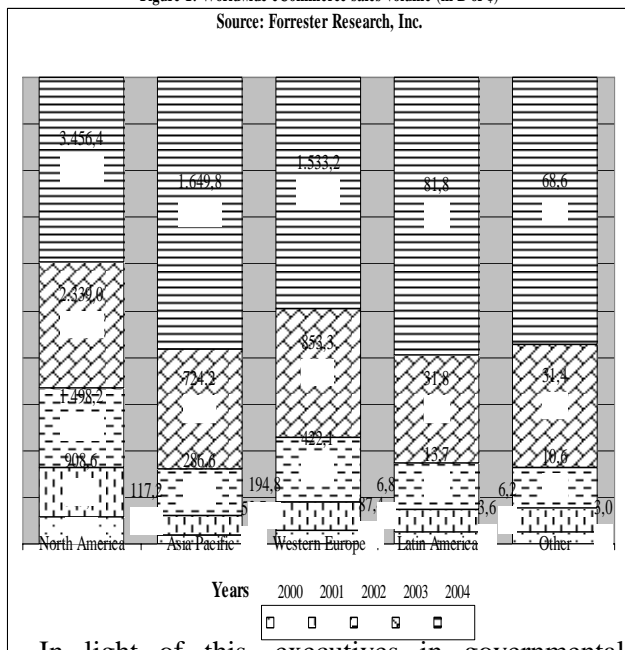
In light of this, executives in governmental agencies and ministries launched the www.go-online.gr, and www.e-epixeireite.gr programs. The target was the 419,000 small businesses of every sector from a total of 510,000 [2].

The result of these initiatives, however, is just a reported 16% of companies with Web sites and only another 7% of companies planning to have one in the coming year [2]. There is a long way to go before the knowledge and use of the new Web technologies leads to a substantial volume of eCommerce activity in the Greek digital market.

2 Aims and Objectives

The aim of this paper is to enlighten the qualitative issues of rational, expectations, beliefs and projections of eCommerce strategies followed by Greek management, marketing and information systems executives. Specifically, we sought to find:

- the rational behind the decision to engage in eCommerce activities and their expectations,
- the meaning of "eCommerce success" for companies' executives and they expected benefit from the utilization of eCommerce strategies,
- how significant do executives believe is the role of eCommerce in the global or local market, today and in the near future?

3 Methodology

This pilot qualitative survey took place between October 2005 and February 2006. Interviews were the chosen instrument conducted either face-to-face or by telephone the choice left to the executives. There were no differences, e.g. number of questions, time restrictions between the two types of interviews. The reason for choosing interviews was

the nature of the questions themselves as it was clear that explanations of the various issues covered were needed. In addition, many of the executives were keen to discuss further several problems and provide additional information invaluable for our study. Each interview lasted 25 to 45 minutes because of the need in several occasions to explain some of the issues/terms discussed.

The target group was medium-large companies and organizations in Greece. The goal was to discuss with the executives from the companies "that influence the economic and business environment in the country, a task left to the executives of the very few but powerful large companies in Greece". (Vlachogiannis of TIM Hellas, interview, January 2006). In particular, the opinions of the management, marketing and information technology executives were sought as these are the ones making the decisions related to eCommerce with all the rest just implementing and executing policies and decisions from the top management.

A sample of 25 medium or large companies from the greater metropolitan area of Athens and that of Thessaloniki was used. Companies in the Athens Stock Exchange were considered as large companies/organizations, whereas those with human power between 100 and 500 were considered medium size. 7/25 (28%) had more than 1,000 employees, some 4/25 (16%) had between 500 and 999, the majority 11/25 (44%) had 100-499 and just 3/25 (12%) had less than 100 employees. For the sample to be representative the classification of companies in 12 sectors followed by several European Union institutions [3] was used (table 1).

Table 1: The sectors and organizations of the study
1. Food, beverages and tobacco industry
2. Transport equipment manufacturing
3. Financial sector
4. IT services
5. Communications & Telecommunications services
6. Health & Social services
7. Media & Printing
8. Metal/machinery manufacturing – Mineral & Cement
9. Education
10. Retail
11. Tourism
12. Government

57 interviews were conducted during the study, 22 with management executives, 14 with marketing and 21 with IT/IS experts. A number of companies (14/25) were represented by 1 or 2 persons due to the centralization of decision making (marketing, management, IT/IS, and other). Most of executives (30/57; 52%) were in the current or related appointments for the past 10 years at least, a few

(6/57; 11%) had 8 to 10 years experience, a large number (13/57; 23%) between 4 and 7 years and a noteworthy 6/57 (14%) less than 3 years. Only 4 professionals did not hold a bachelor's degree or above, the vast majority holding a bachelor's or master's degree (44/57) and a significant number 9/57 with a research degree (PhD) but mainly in the education sector. We asked them about:

- the rational behind their decision to engage,
- their expectations and concerns,
- the role of eCommerce globally or locally,
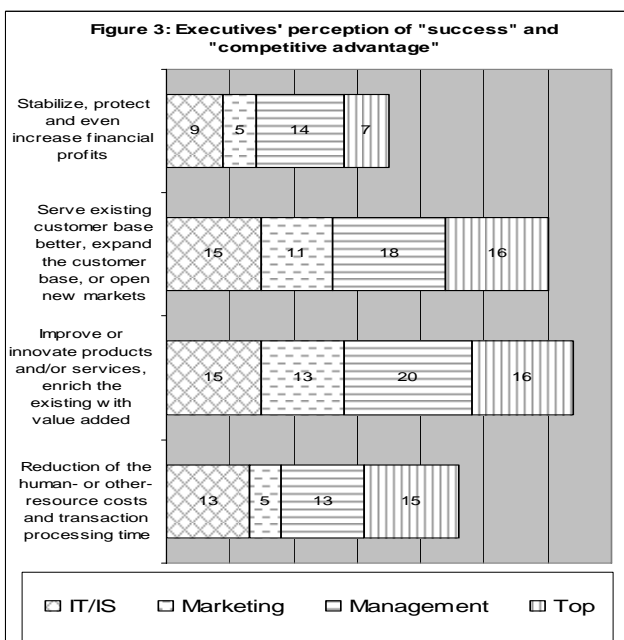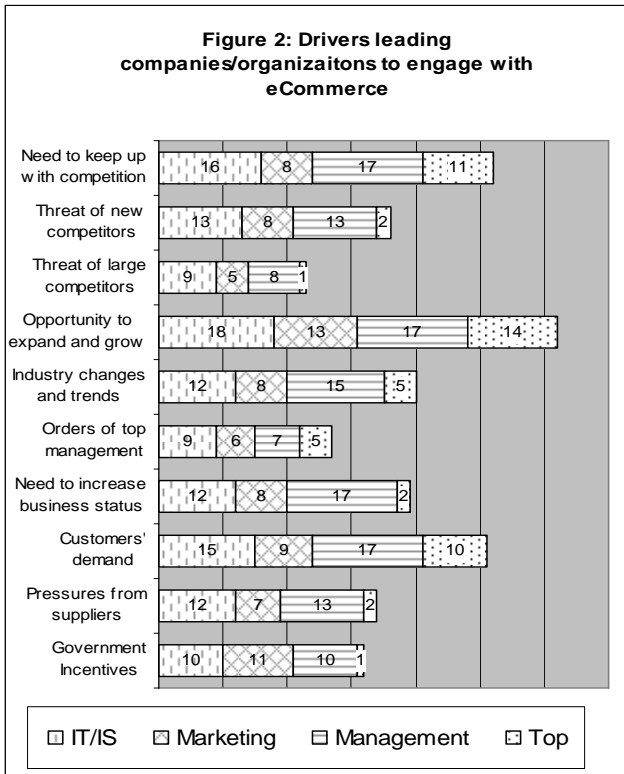- their projections about eCommerce in Greece and internationally.

4   Findings
4.1 Drivers influencing the decision towards engaging eCommerce

The executives were asked to select all those drivers influencing their decision towards eCommerce engagement (figure 2). They, mainly, appreciate eCommerce as "an opportunity for their company to expand and grow" (48/57; 84%) regardless of their role in the business be it managerial (17/22; 78%), marketing (13/14; 93%), or IT/IS (18/21; 86%). Two more main drivers are the "need to keep up with the existing competition" (41/57; 72%) and the "customers demanding to deal on the internet" (41/57; 72%). Both are identified as almost equally very important by 17/22 managers (78%) and 16/21 (or 15/21 for the latter) IT/IS experts (72 and 71% respectively) with the marketing people having lower regards concerning them (8/14; 58% and 9/14; 64% respectively). On the other hand, they tend to depreciate the "threat of large competitors" or the "order of top management" (22/57; 38%). The rest of the drivers/choices are evaluated in between the aforementioned (list of drivers by Drew, 2003 [4]).

The executives were, also, asked to select the single most important driver from the list of figure 2 [4]. Just 5/57 (8.7%) of them admitted having followed "orders from the top management" and only 5/57 (8.7%) followed "industry changes and market trends" probably because they are the top management and the ones that "make" the trends. Much fewer executives 2/57 (3.5%) responded to "pressures from suppliers or other business partners", 2/57 (3.5%) needed to "increase the value/status of their business" and 2/57 (3.5%) reacted to "threats of new competitors taking the business". Just one person admitted having been influenced by the "various incentives of the government" implying, possibly, the government-originated programs are not attractive enough or the

target group of people to use them did not know about them - hard to believe for the quality and experience of the persons of the study.

Figure 2: Drivers leading companies/organizaitons to engage with eCommerce

Driver	IT/IS	Marketing	Management	Top
Need to keep up with competition	16	8	17	11
Threat of new competitors	13	8	13	2
Threat of large competitors	9	5	8	1
Opportunity to expand and grow	18	13	17	14
Industry changes and trends	12	8	15	5
Orders of top management	9	6	7	5
Need to increase business status	12	8	17	2
Customers' demand	15	9	17	10
Pressures from suppliers	12	7	13	2
Government Incentives	10	11	10	1

Figure 3: Executives' perception of "success" and "competitive advantage"

	IT/IS	Marketing	Management	Top
Stabilize, protect and even increase financial profits	9	5	14	7
Serve existing customer base better, expand the customer base, or open new markets	15	11	18	16
Improve or innovate products and/or services, enrich the existing with value added	15	13	20	16
Reduction of the human- or other-resource costs and transaction processing time	13	5	13	15

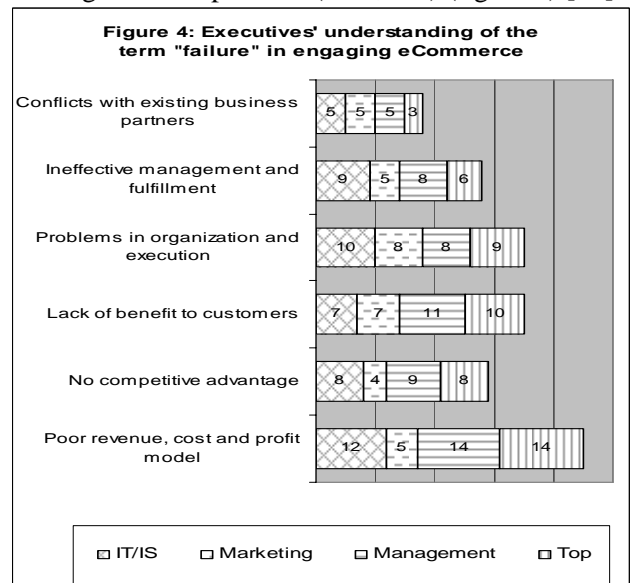## 4.2 The meaning of "success" and "competitive advantage"

Once they have engaged in eCommerce, executives expect to succeed and/or gain a competitive advantage in the market. The "reduction of the human or other resource costs and processing time" (15/54; 28%), the "improvement or innovation of products and/or services, and the enrichment of the

existing with value added" (16/54; 30%) and the "Service of existing customer base better and expansion of the base through eMarketing" (16/54; 30%) were considered as the main (top) definitions of "success" and "competitive advantage". As a contrast very few (7/54; 13%) regarded the need to "stabilize, protect and even increase financial profits" as a key definition of success (figure 3) [5, 4, 6, 7, 8, 9].

Most professionals (48/54; 89%) put more weight on the products of their companies and a few less (44/54; 81%) are mainly concerned with serving and expanding the customer base. Interestingly, although as mentioned earlier quite a few believe cost reduction (in every sense including human or other) and processing time are the main determinants of success, many other professionals (23/54; 43%) tend to completely disregard this factor. About two thirds of management (14/22; 64%), half of IT/IS experts (9/18; 50%) and just about a third of the marketing people (5/14; 36%) give some value to more monetary factors as share's value and flow of income (figure 3).

## 4.3 Understanding of the term "failure"

Quite surprisingly, although they did not seem to be concerned about monetary issues when translating the term "success", now their main conception of "failure" (14/57; 25%) was "poor revenue, cost and profit model", putting "lack of benefit to customers" second (10/57; 18%), followed by "problems in organization and execution" (9/57; 16%) and "no competitive advantage" (8/57; 14%). They seemed not really worried about "ineffective management and fulfilment" (6/57; 11%) since that was their responsibility and even less about "conflicts with existing business partners (3/57; 6%) (figure 4) [16].

Figure 4: Executives' understanding of the term "failure" in engaging eCommerce

	IT/IS	Marketing	Management	Top
Conflicts with existing business partners	5	5	5	3
Ineffective management and fulfillment	9	5	8	6
Problems in organization and execution	10	8	8	9
Lack of benefit to customers	7	7	11	10
No competitive advantage	8	4	9	8
Poor revenue, cost and profit model	12	5	14	14

Things remained the same when the respondents were asked to simply mark all the valid definitions (based on their experience) of "failure". Only the marketing people seemed not to have a crystal clear and unanimous idea of the term (figure 4).

4.4 The value of eCommerce in contemporary business

One of the key elements of the study was to identify executives' general perception about the value of eCommerce in Greece. For this purpose they were asked to vote for (7, 6, 5 points) or against (1, 2, 3 points) the opinions of 7 influential people around the world without disclosing (at the time of the interview) the names of these people. The results are shown in figure 5.

Figure 5: The value of eCommerce in contemporary business
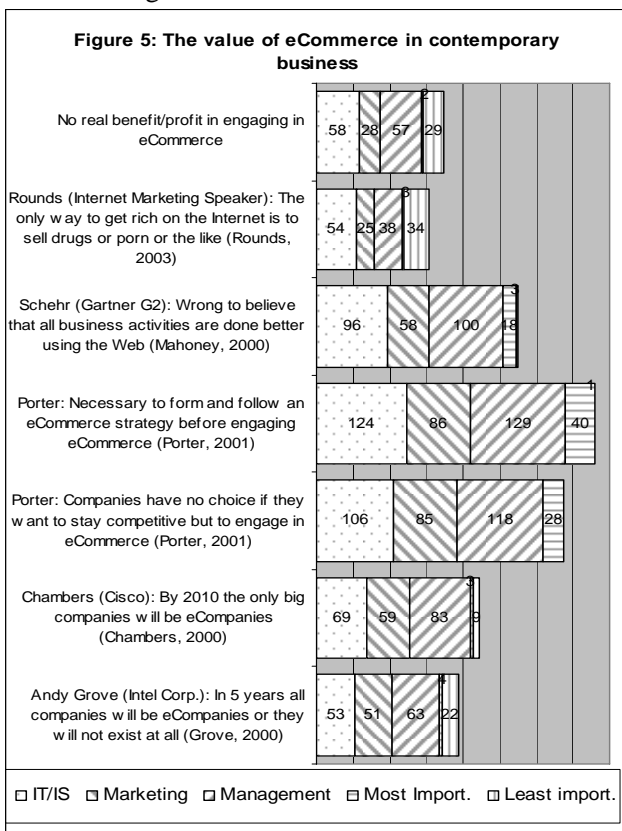
First, there is a clear agreement with Porter's recommendation to "form and follow an eCommerce strategy first before engaging eCommerce" [10]. Not only it was voted the most by all types of executives (129 points from management, 86 points from marketing and 124 points from IT/IS experts) but, furthermore, 40/57 (71%) of the respondents thought this was the first or second most important suggestion of those given and only one marketing executive thought it was almost or completely unimportant. It also came to notice from the interviews that the more educated and experienced the executives were the more they tended to agree with this.

Second, 28/57 (50%) agree with Porter [10] that eCommerce is a one-way ticket to the target of staying competitive in any industry considering this as the most or very important idea to keep in mind. Notable is that none disagreed with this opinion. However, quite a few (18/57 (32%) agreed with the suggestion that eCommerce is not a panacea (i.e. everything) [11, 12, 13].

Third, executives did not accept – only 4/57 (7%) absolutely or mostly agreed, whereas 22/57 (39%) completely disagreed – the projection that in 5 years all the companies will be present on the Web [14] and the expectation that if there is one largest company worldwide by 2010 this would be an eCompany [15]. When asked further to discuss the issue they specified (almost all of them) that their hesitation had to do only with the deadline given by Chambers [15].

On the other hand, most of them (34/57; 60%) disagreed with Rounds's [12] depreciation of eCommerce as a tool and means to make money unless used in a "dirty" way and many of them (29/57; 51%) also disagreed with the suggestion that, possibly, there is no benefit/profit for a company from engaging eCommerce.

4.5 Evaluation of eCommerce practice in Greece and internationally

Executives recognize eCommerce as an underemployed tool (34/57; 60% - 10/57 execs thought this was the single most significant conclusion out of their experience) despite the fact, they agree, it could help the companies towards achieving their goals (26/57; 46%) and believe (22/57; 39%) eCommerce is going to change the way of doing business in the future.

Most of them blame the consumers for not making use of it (37/57; 65%) even if – discussed in the second part of this study, on the classification of Greek web sites – they do not offer many choices and leave the visitors wander between international sites. Some of them (8/57; 14%), quite disappointed of the results of their eCommerce solutions refused to appreciate the value of eCommerce believing it cannot produce any results promised (figure 6).

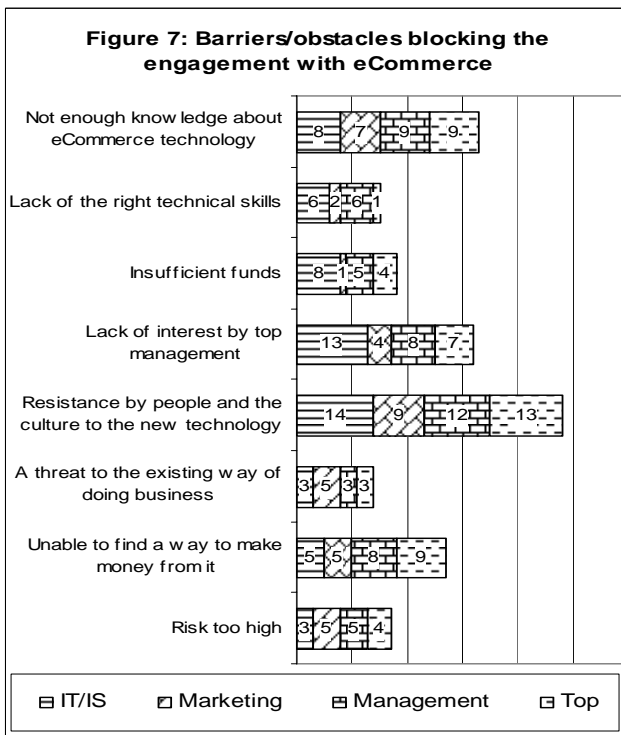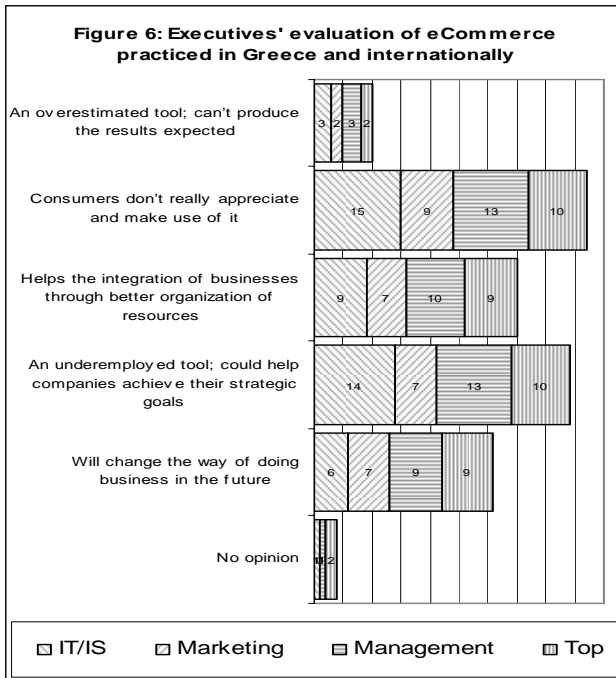## 4.6 Barriers/obstacles blocking engagement in eCommerce

The main reason for not engaging in eCommerce (35/57; 62%, 13 execs classified it as the most important) was the belief that the Greek people and culture resist the new technology. Other important obstacles were the perception of not having enough knowledge about the eCommerce technology

(24/57; 43%, most important for 9 execs), the inability to find a way to directly profit from it (cash flow) (18/57; 32%; main barrier for 9 execs), and the lack of interest by top management (25/57; 44% ranked first by 7) (figure 7).
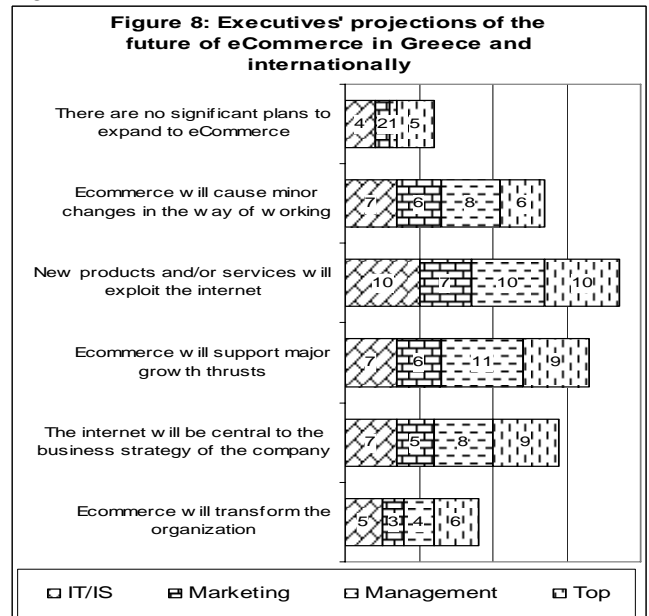

Figure 6: Executives' evaluation of eCommerce practiced in Greece and internationally

Figure 7: Barriers/obstacles blocking the engagement with eCommerce

On the other hand few (14/57; 25%) believe the problem is the lack of the right technical skills. Also low regarded was the possibility of having insufficient funds (14/57; 25%, selected as most important by just 4) or the consideration of eCommerce as a threat to the existing way of doing business (11/57; 20%, considered the most only by

3) or the thought it is highly risky (13/57; 23%, given the most attention by just 4) (figure 7) [4].

4.7 Executives projection of the future of eCommerce in Greece and internationally

Despite the rather negative score of eCommerce in Greece and the expressed executives' disappointment they seem to be optimistic of its future locally and internationally. Most of them (27/57; 48%) trust the internet as the platform to be used in the future for the promotion of new products and services. Many (24/57; 43%) believe, in general, that eCommerce utilization will help towards their companies' growth. Also, quite a few (21/57; 37%) are planning to make eCommerce central to their business strategy in the future. A few (12/57; 21%) are enough optimistic and excited about eCommerce so as to expect it to transform their organizations [4] (figure 8).

Figure 8: Executives' projections of the future of eCommerce in Greece and internationally

There are, of course, the pessimistic viewpoints especially of management executives (21/57; 37% - 8/22 management) who underestimate the role of eCommerce in the future of their business strategy. Just very few (7/57; 13%) have no plans at all to use eCommerce [4] (figure 8).

5   Conclusion

The first point that came out of this first part of the study was that executives during the interviews showed enough and in a few cases overwhelming knowledge about eCommerce and great appreciation of its value in the future of business activities. The question is why they don't utilize it since they are the ones (presumably) that make the decisions for

their companies. The second is the Greek governments have a very significant role to play in promoting eCommerce practices. The main incentive programs "eEpixeirein" and "diktiotheite" (free translation: "connect to the Internet" and "make business online" respectively) should be reanalyzed, their disappointing results thoroughly studied and the whole idea revised and fine tuned to better suit the needs of the companies and, hence, make them more attractive.

Although it is a trend in the developed or developing countries there will be some time before eCommerce comes to Greece full scale. Some very pessimistic experts expect a delay between 10 years and 25 years. A few others, quite upset with the overall situation, take a depressing approach: "Greece is at a level of a third-world country. People are not really using eCommerce…In our sector, that of Hotel Industry, 95% or above of bookings are by phone. Cities like Thessaloniki should have many more bookings online (the number of online bookings is negligent). Situation is so bad that the so-called second-world countries are not far behind (if at all) Greece in that respect. Businesses promote and invest to it but people don't use it. Not many banks, except 2 or 3 large ones, are offering eCommerce transaction to companies (transferring money through wiring). To put it simple: the option of eCommerce is rarely given in Greece to customers". Farsin Walizadeh (General Manager of Kempinski Hotel)

The good news is according to Kosmides Damianos (Former Mr. Forthnet – one of the major ISPs in Greece, IT/IS consultant to the governor of Thessaloniki) that the technology is there; there is only the need for education/training of the masses: "We are in the cutting edge as far as knowing the technology; eCommerce is not mature as far as its usage and growth but in two/three years it will reach the international levels. In general it is limited to its deployment because the people don't use it. It could (and will) offer opportunities to citizens, consumers but so far people hesitate to use it. There is the need for training to all, but mainly a need for the development of the proper infrastructure which exists but must be improved and offered to the public at low cost ".

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