

Analysis of Retailer Web Sites with Microeconomic Interpretation

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Abstract: -The competition in the Croatian retailing business is on its peak, but is vague when it is going to settle. This situation is a great field for new market opportunities and finding new niches might be of a crucial importance. Leaders and followers switched their places, as well as the CEOs and marketing policies. Although the fight with the prices is still very important, its detrimental effect on the profits attracts retailers to differentiate their products by several means, one of which may be the e-retailing. Even though it accounts for a certain share of the sales in the World, it is yet to be set in Croatia. The speed of the implementation of broadband connections and new companies on the communications market decreased the price and increased the accessibility of the Internet. It is now on the retailing companies to recognize this opportunity and occupy this newly created area of business. The comparison between 18 greatest retailers in Croatia and in the World, using the previously devised Web-metric and methods, brought the following conclusions: Only one company offers a possibility of e-purchase, and many have only the basic information on their web site. However there is some connection between the size of a company and its web site development level. Companies should invest their web sites and develop an e-sales point, including online shops, Web site maintenance, Web design, and user-friendliness, as well as in the measurement of the e-activities. Multimedia content should not be forgotten since it is what makes a site recognizable.

Key-Words: - Web sites, Retailers, Web metrics, Croatian retail market, Market congestion, Competitive market, Retailing market analysis, E-purchase, Web shop.

1 Introduction

Chiagouris says that surfing the Internet and purchasing its goods and services is now considered mainstream. For online retailers, the impact is larger than just the additional sales of goods and services on the Internet. And offline retailing paradigms have parallels to the online environment. The online environment has an atmosphere that can make a difference in shopping. By increasing the Web site's qualities, the online retailer can increase a consumer's level of pleasure.

Croatian retailing sector is currently undergoing strong structural changes in the process of adapting to more developed markets of the neighbouring countries, the ones already in the European Union. Foreign Direct Investments and in a smaller amount foreign takeovers are the main vehicles of entering of the leading European and World retailers in the Croatian market. Undoubtedly this has greatly changed Croatian retail landscape and advanced the competitive capabilities of the retailer sector in Croatia. During the process of entering the Croatian market, top world retailers used their current knowledge and experience to adapt quickly to the new surroundings. According to the financial results, they

seem to be doing excellent. Three out of the top five Croatian retailers (measured by the annual turnover) are subsidiaries of the international retailers, and furthermore 9 of the top 18 retailers are owned by the foreign companies [1]. 8 of the 18 world's biggest retailers [2] are European companies, and 4 of those 8 have subsidiaries in Croatia and are among 18 Croatian largest retailers. Therefore Croatian retail market can be considered as an internationalized.

At the same time it necessary to make theoretical analysis of the retailing markets so as to understand the undergoing process in this business and to recognize the stage at which our retailing market is. This microeconomic analysis will help us in making forecasts which is the hardest part in every qualitative research as the one we conducted. It is however needed to observe dynamics of the retailing market development so as to predict the speed of the change, but with such little quantitative data it was hard to make any precise estimates.

Given the present conditions, the goal of the authors is to conduct an exploratory research among the top Croatian and World retailers' Web sites and assess the

degree of development of Croatian's Web sites in comparison to the ones of the leading retailers in the World. Our hypothesis is that although Croatian retailing sector could be considered as an internationalized, we still believe that Web sites of Croatian retailers are not as developed as the ones of the leading retailers in the world, and the research will show us in which segments exactly Croatian retailers need to upgrade their Web sites.

Restrictive factor for the development of Croatian retailers' Web sites might be the average number of people that use the Internet, as well as the number of the broadband connections which enable fast exploration of the Web pages. Broadband connections are important because they enable fast download of multimedia materials (video clips of product etc.)

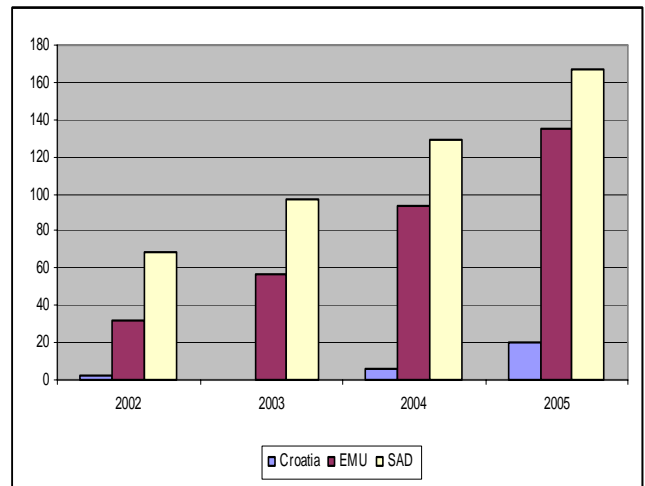


Figure 2 - Broadband subscribers per 1000 people

2 Microeconomic view of the e-retailers

This market is yet to be explored and conquered. In the current position, retailers in Croatia fight severely for the growing market, and seek every possible opportunity for obtaining a better market share. Although the business analyst expected the struggle between the retailers to settle down, and the market to grow into an oligopoly in which players would stop to play with prices, constant access to the market [13] (e.g. Tommy, Liedl, some with greater, and some with lesser success), tells us this is not about to happen very soon [1].

At the same time, takeovers among big players brought additional dynamics (Mercator & Plodine), and changed the order on the list of the market shares, causing some of the recent leaders to fall significantly (Getro) [1]. In the situation where leaders change their positions, the prices cannot settle down, and each player thinks it has the opportunity to become one of the greatest.

At certain moment it becomes very hard to fight with the prices, since margins come to the level very close to the "perfectly competitive level". This is the point when players, i.e. retailers, have to differentiate their products, and seek for the new niches. Konzum, market leader, managed to become profitable in 2004, after a period of the losses, although their prices went up. The answer was in the rebranding, in the newly developed brands, consumer gift certificates and wide network of the newly built retailing centers. The rest of the market followed, but Konzum used the opportunity of being first. In other words, it was the beginning of the development of the real monopolistic competition [12].

Recent announcements of the food prices induced inflation, tells us retailers reached a peak of the price oligopoly games where there was no room for further profit sacrifices and that they would be improved only through the increase in prices. Simultaneous rise in retailing prices showed either a desperate response of the

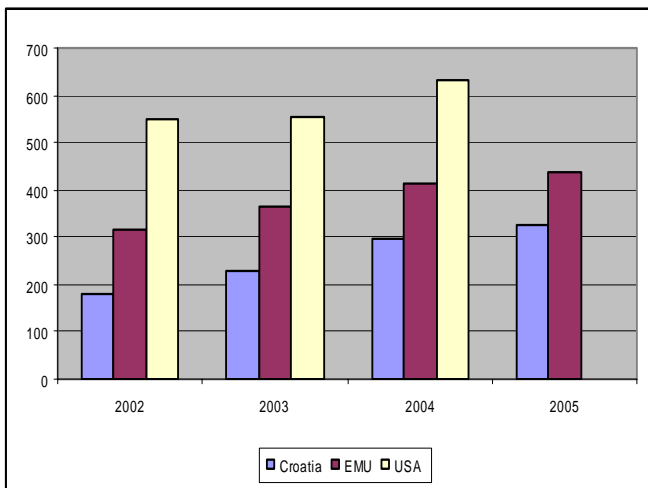


Figure 1- Internet users per 1000 people

Given the data in Figures 1 and 2, we believe Croatian market has a substantial potential for the development of e-commerce [10].¹

¹ Data for year 2005 for USA in fig. 1 was not available neither as data for year 2003 for Croatia in fig. 2
EMU was the closest equivalent available for the EU market.

companies facing losses because of the global rise in prices, or a silent agreement among big players who noticed they occupied every possible niche and conquered everybody whom they were able to conquer and that a time has come to try to make friends with those who they cannot destroy [28].

Now, having many of the niches filled, retailers have to find the remained smaller ones, but with the potential to grow. This is definitely e-commerce. Although access to the Internet is increasing rapidly, the confidence of the consumers is yet to be built, since online payment and online shopping is still considered to be very risky. Credit and debit card purchases are extremely simple and fast, but this advantage has to overcome the fear of the frauds and hackers' attacks. Hence, the patience and marketing strategies which would convince buyers into the online business, as well as the development of the telecommunications market, will determine the speed and the reach of the e-retailers.

3 Literature Review

Significance of the Web for the development of the retailing sector was assessed in numerous surveys, but remained without any significant conclusion. In 1998, an article in the Time magazine predicted the decade of traditional (brick-and-mortar) retailing and ascent of the e-commerce [3]. But, as the practice has shown, pure e-tailers are not in abundance these days. The most successful e-tailers today combine "...the best of "e" and traditional trade models in their business strategies." [4] At the same time, those traditional retailers recognized they could use Web as a complementary marketing tool in achieving their strategic goals.

Reviewing the existing literature, we identified two major criterias that guided the authors in their researches. One is related to the consumer behaviour and the benefits derived from the effective Web sites, and the other is related to development of the Web metrics for the assessment of the effectiveness of the same Web sites.

Numerous authors have pointed out the usefulness of the well designed and effective Web site. Hart et al. indicate three levels at which Internet can be used to facilitate retailers' marketing activities: (1) as a communication tool for basic information about the retailer, (2) as a proactive marketing tool providing descriptions about goods and services, and finally (3) as an engine for physical selling of goods through the on-line transactions. [5]

Some authors point criteria as mission, vision and contact information as important for customer communication further expanding the list with information (financial) relevant for potential investors among others. [4]

Keen et al. researched consumer decision-making process and concluded that consumers still spend most of their money in retail stores and not over the e-shops, with store format being the most important criteria in their decision process, hence diminishing the so proclaimed importance of Web sites. [6]

Even though software elements on the site are important, one should not forget quality of the hardware plays important role as well. Cao et al. pointed out that save the elements such as information quality, service quality and attractiveness, a quality of the system plays important role as well. If the homepage is not loaded in a tolerable period of time, the user will simply redirect to another Web site, most likely the site of the competitor retailer. [7]

The well known management saying: You cannot manage what you don't measure, points to the second part of the problem. It brings out a question of how to measure the effectiveness of the Web site.

According to Cox and Dale, Web site quality should be judged according to four factors: (1) ease of use, in other words, design of the Web site, (2) customer confidence or perceived trust by the customer, (3) on-line resources, in other words capability to offer and deliver products and services and (4) relationship services (to inspire customer loyalty). [8]

Panian and Jakovic made a custom Web metrics model in their evaluation of the hotel Web sites in Croatia. They tailored the original model, developed at Trinity College Dublin, to suit the need for their research. Model was finally comprised of 8 different fields according to which the evaluation was done. The eight fields are as follows: (1) First impressions (URL, download time, look and feel, etc.), (2) Navigation (ease of use, site map, internal search engine, etc.), (3) Content (useful information, sound and graphics, etc.), (4) Attractors (special offers, free games, etc.), (5) Findability (intuitive URL, on-line advertising, etc.), (6) Making Contact (e-mail and other details visible, responding to inquiries, etc.), (7) Making reservation (visible pricelist, online reservation, etc.), (8) Other useful information (additional services offered, how to find hotel, hotel history, etc.). [9]

Singh et al. investigate a relevance of Web site home page perception. A home page is the gateway to an organization's Web site. To design effective Web home pages, it is necessary to understand the fundamental drivers of user's perception of the Web pages.

The main goal of their study was to understand how people perceive home pages and the ways in which this perception affects attitudes and behavioural intentions toward home pages. They conclude that designing Web home pages is a challenging task. Designers have to understand a potential users' frame of mind. They also have a stupefying array of attributes at their disposal –

including numerous font types, audio, video, and graphics – all of which can be arranged on a page in different ways, compounding the complexity of the task. Their theoretically grounded approach, by mapping users' cognitive environment in terms of coherence, diversity, and mystery and their influence on attitude and behavioural intentions, should aid designers in understanding users' perceptions of the Web page at a molar level (in a relatively holistic way) and potentially in choosing and arranging various molecular attributes on a Web page. [14]

Katz is saying that today businesses are asking which steps should be taken to get Web page and then, once obtained, what can be done to increase its effectiveness and profitability. Customer's satisfaction is the key to a profitable business. The best way of keeping a customer is providing a high quality good or service accompanied with exceptional customer service and great price. The focus should be on the main purpose of the Web site, which is to drive a dialogue between a business and its customers. Customers should get what they want and when they want it. [15]

Shaw says that a website is not lesser necessity for an advisor than a business card or a telephone. Any advisor without a website is at a competitive disadvantage. Not only does a website enhance your professional credibility, it is also a foundation for conducting steady online-marketing activities and for building a referral network. [17]

Recent study carried out in the US by research specialist Jupiter Research found that only 14% of respondents said that tailored offers from online retailers would persuade them to buy more often. Basic improvements such as faster loading and more efficient navigation would generally make them buy or visit more regularly. Marketers should concentrate on keeping site content and navigation as simple as possible. For e-marketing to work effectively, companies need a strong data strategy, so that marketers know who they are talking to and can decide which content they should be updating and when. The study by customer data specialist GB Group reveals that 59 per cent of the top utility and telecoms companies, 45 per cent of retailers and 44 per cent of financial services firms do not have data capture facilities on their sites, even though this would guarantee that the addresses supplied by people online are correct. [19]

Companies need to understand what is involved in delivering dynamic content. This relates to anything that can be updated - including text, pictures, promotions or advertising. A company's approach to dynamic content will also be determined by the nature of its technical system, and how the IT team liaises with the marketing department. Experts warn that a failure to update sites as often as possible will result in users becoming bored and

not returning – no matter how attractive the offers are. Marketers must work with, and not against, IT teams. [19]

Assessing how people navigate a site and which pages they visit - and ignore - also provides useful feedback when planning Web-based marketing offers. Studying this behaviour enables companies to experiment in a way they would find difficult with other media. [19]

All advertisers need to see ROI from the websites they fund, and it can be difficult to justify spending on improving and updating the content if the number of visitors of the site is relatively small. [19]

For some firms, a static corporate site might be all that is needed to raise awareness of its products and services and provide basic information, such as where it is located and how it can be contacted. This can be binding for marketers working within the business, but micro sites can be created to service a specific promotion and gather data on customers. [19]

If response levels from online marketing activity are to be maximised, companies must be aware of how visitors interact with a website and understand what they expect from it when they log on. Only then are consumers likely to be responsive to offers that reflect their individual tastes. [19]

One of the particular aspects web developers need to have in mind is the accessibility of the site for the differently abled people². Not only is this effort profitable for them, but it will earn them points against competitors in the eyes of a general public, as well as a free space (appraisals) in media. This is certainly an aspect of web site that managers above all should pay attention to. An example of this was a recent analysis of the main street retailer's web sites which found that one retailer (among the top 20 main street retailers) had a particularly well developed web site for people with special needs. The site was not flawless but did earn the retailer hallmarks among competition. Special praises were given to the use of screen readers (software that reads web pages aloud), well designed web pages which had unique and descriptive page titles (this is the first thing the reader reads) and useful alternative text beside the information based images that cannot be read by the software. [20]

One of the world's biggest retailers Target Corp. recently discovered that the issue of accessibility can lead to a potentially costly lawsuit. A federal judge in California has granted class-action status to a lawsuit against Target Corp. charging that the discount retailer's site is inaccessible to blind shoppers. The problem arises because of incompatibility issue between retailer's web site and the screen reader software. According to reports

² People with special needs

the retailer has already started to implement improvements to web sites that will enable blind shoppers more convenient on-line shopping. Pure on-line retailer Amazon.com and Wal-Mart have both invested respectable efforts in increasing their site's accessibility. [21]

Keynote, one of the leading companies specialised in on-demand test and measurement of various aspects of web sites conducted a research, testing, measuring and rating on-line experience of customers [22] for 12 leading on-line consumer electronics retailers. Results indicated that consumers put Amazon.com and BestBuy.com at the top of the list in customer experience, while Circuit City's and Staples' e-commerce sites were tied in the first place for the level of service. BestBuy.com also showed the most significant gains in the on-line customer experience over the past year and was the number one ranked site in terms of pure customer experience. Of the nine key categories measured in this report BestBuy.com was among best rated in seven categories. CircuitCity.com was rated by consumer for the best reliability web site, and Staples.com had the industry best site responsiveness. Most often remarks regarding lower ranked web sites were made because of the site's inability to handle user traffic without degrading, too much time consuming home page download and bad performance of search results. Altogether more than 2200 consumers participated in the research and the research measured approximately 300 metrics. [23]

Byung-Kwan et. al. extended their research on previous studies on attitude toward the Web site which proved that if a Web site is well liked, visitors to the Web site may be more receptive to the Web site's content. Their study focused on finding empirical evidence if consumers' attitude toward a manufacturer's web site is a good indicator of its success that is if favourable consumers' attitude influences brand choice. They indeed found that the probability of choosing brand A is significantly higher than choosing other brands if a consumer evaluates the web site of brand A more favourably than any other brand's site.[24]

While most of the research concentrated on technical aspect of the website (download time etc.) Nantea and Glaser analysed the impact of language and culture on web site usefulness. They claim that even an excellent translation of the web site (for international companies) cannot guarantee that the web user will actually "decode" the message properly if it was originally written in a different language and this is due to the culture specific frame of reference passed to the individuals during their primary socialization. The

cognitive effort required to process information is decreased when a website is congruent with the user's culture [25]. And accordingly, a culturally adapted website results in greater ease of navigation and a more positive attitude towards the site. In context of international retailers it can be assumed that there are clear differences in the on-line shopping behaviour of consumers from different ethnic cultures (even within same country). Results of their research clearly indicated that the perceived usability of multilingual web sites depends not only on the quality of the translation but also, to a clearly measurable extent, on whether the linguistic background of the web designers matches that of the site users or not. But on the other hand when issues like quality of the product or service comes to question translation is of lesser importance to consumer because more objective criteria like price and comparable product offering of the competitors becomes applicable. [26]

Retailing is expected to change with the rapid development of new online sales and distribution channels that literally can be used from anywhere and at anytime. Responding to the changes, retailers need to have a very good understanding regarding electronic customer relationship management (e-CRM) in gaining customers loyalty and satisfaction. Online channels such as online services and the Web are also impacting traditional retail business models. Unfortunately, most online Web sites do not seem to have many of the very basic features that experts consider important in forming relationship with customers. [27]

4 Research Methodology and Data Collection

Our model for the comparison of the leading Croatian vs. leading world retailers' Web sites consists of four major areas that we considered to be crucial for the effective Web site (Figure 3). We investigated: (1) Customer communication (contact information, company location and other accessories that could enhance the communication with customers), (2) Pre-sale activities (company description, pictures of products and services offered, and multimedia content), (3) On-line shopping and (4) Post sale activities (FAQs and Customer service). Similar model was made by Pejic et al. for the high-categorized hotels. [11] Knezevic et al. did the same for the top European retailers. [4]

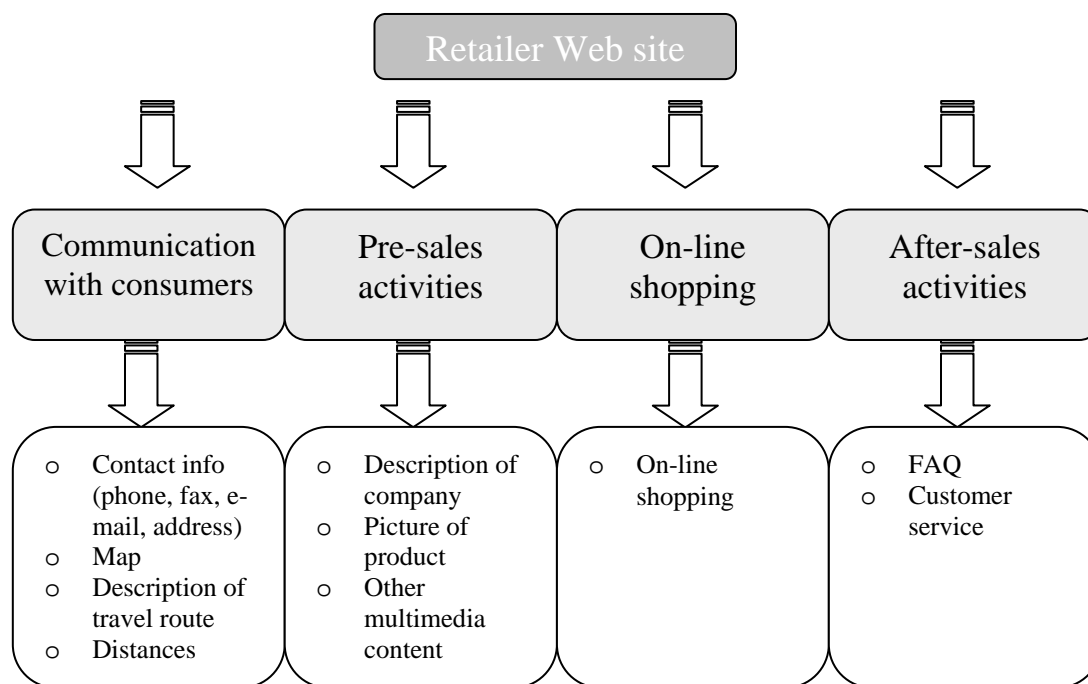


Figure 3 - Marketing and commercial activities on the retailer Web site

We have analyzed only main retailers' Web, when the retailers from the World list were researched (most common URL was *www.companyname.com*). Retailers from Croatia list were most commonly found to have URL in the form of *www.companyname.hr*.

Initially 18 largest retailers in Croatia and the world were chosen for the analysis. During the research process, three retailers from Croatia List and two retailers from the World List had to be left out for various reasons, such as a non-functional Web page, non-available Web page or others. Our sample finally comprised 15 Croatian and 16 World retailers which entered the research. The research was made on 25 and 26 September 2007.

5 Annual turnover and e-retailing

The survey we conducted is, obviously, a qualitative survey in which we put 1 if a Web site of the observed company had certain feature, or 0 if it had no such feature or possibility. Since it has been a large dimension matrix that we obtained, we decided to sum all the features for certain group, giving better scores for those who offer more, and lesser for those who lacked those features. A set of data was obtained, where the columns contain the following features:

A: Number of languages used, as well as the contact information (telephone, fax, e-mail, address)

B: Location of the retailing centre (the map, the distance from the city centre, the distance of the town where the centre is situated, thorough description of the route)

C: Other features (surveys, forums, other links)

D: Marketing activities and online shopping (online catalogues, price lists, product pictures, multimedia content, e-shop, etc.)

E: After-sales activities (guest book, claims, frequently asked questions, prize-winning games)

F: Annual turnover (millions of HRK)

| | Company name | A | B | C | D | E | F |
|-----|----------------------------|----------|----------|----------|----------|----------|----------|
| 1. | Konzum d.d. | 5 | 0 | 1 | 9 | 3 | 1200 |
| 2. | Metro Cash & Carry d.o.o. | 6 | 1 | 1 | 7 | 2 | 290 |
| 3. | Getro d.d. | 6 | 3 | 1 | 8 | 2 | 280 |
| 4. | Mercator Hrvatska d.o.o. | 4 | 0 | 0 | 8 | 0 | 270 |
| 5. | Billa d.o.o. | 5 | 0 | 2 | 8 | 2 | 230 |
| 6. | Kaufland Hrvatska k. d. | 5 | 0 | 0 | 4 | 2 | 220 |
| 7. | Pevec d.o.o. | 5 | 1 | 1 | 8 | 0 | 180 |
| 8. | Plodine d.o.o. | 4 | 0 | 0 | 5 | 0 | 170 |
| 9. | KTC d.o.o. | 4 | 0 | 0 | 3 | 0 | 170 |
| 10. | Kerum d.o.o. | 0 | 0 | 0 | 0 | 0 | 150 |
| 11. | DM - Drogerie Markt d.o.o. | 5 | 1 | 1 | 6 | 0 | 130 |
| 12. | Tommy d.o.o. | 6 | 2 | 1 | 7 | 1 | 110 |
| 13. | Presoflex d.o.o. | 5 | 0 | 0 | 7 | 0 | 80 |
| 14. | Hipermarketi Coop d.o.o. | 3 | 0 | 2 | 8 | 2 | 80 |
| 15. | Fliba d.o.o. | 0 | 0 | 0 | 0 | 0 | 80 |
| 16. | Dinova - Diona d.o.o | 0 | 0 | 0 | 0 | 0 | 80 |
| 17. | Jolly JBS d.o.o. | 5 | 2 | 1 | 6 | 2 | 60 |

Table 1- Croatian retailers, their web sites' features and their annual turnover

In the previous table company Liedl has been omitted because it did not publish its annual turnover.

Our hypothesis is that greater retailer chains have noticed great opportunity of the e-retailing.

When we make a scatter diagram for sales and number of contact details, we find no correlation between the sets:

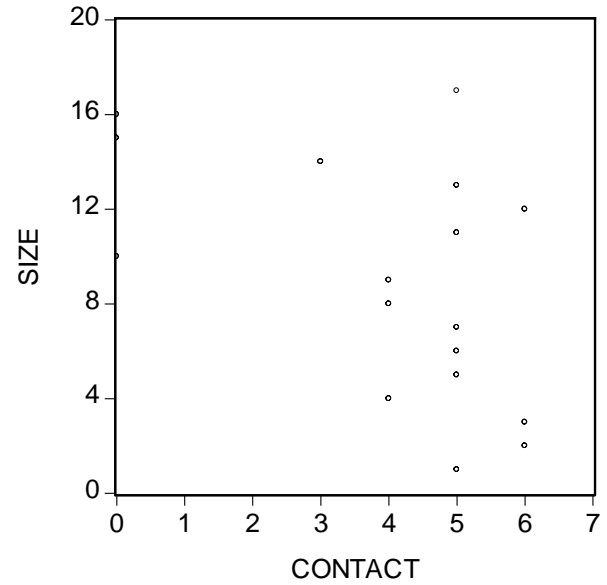


Figure 4 - Scatter diagram of the size of the sales against the number of contact features

Since it is obvious a trend line would be perpendicular, we can conclude there is no connection between the size of a company and contact features on its web site.

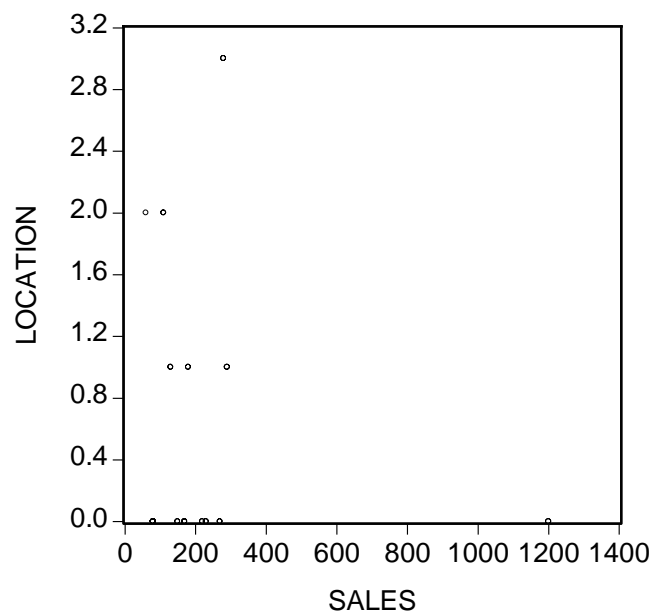


Figure 5- Scatter diagram of the size of the sales against the number of location features

Then we took data for location of the premises and the size of the sales. Again there is no connection between these sets.

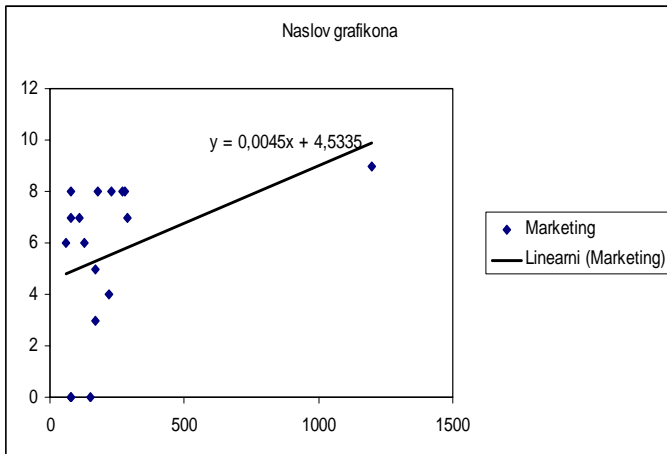


Figure 6 - A scatter diagram and a trend line for the relation between sales and marketing activities features

The previous diagram shows there might be certain relation between the marketing activities and the companies' sales, but it is more than obvious that the set suffers from severe heteroscedasticity, or at least it has an outlier; but since this outlier is Konzum, which is definitely market leader, it would be a nonsense to exclude this observation just to fit the needs of a regression. Thus we can freely conclude we cannot accept any of these relations. At the same time, it is good that the market leader offers a wide set of e-purchase possibilities since it will provoke other companies to follow their example. This conclusion can partially confirm our hypothesis of a positive relation between the size of the sales and the development level of the correspondent retailer, but it is yet to happen in the near future, since the largest one sets the rules for the others.

6 Research Sample: Review of the top Croatian and World retailers' Web Sites

6.1. Consumer communication

The result of our analysis is given by the following figure.

Data clearly show that almost all retailers from Croatia list put their phone number on the Web page together with the number of the fax machine. All of the retailers have their e-mail address posted on the Web site and 87% have the addresses of the company headquarters.

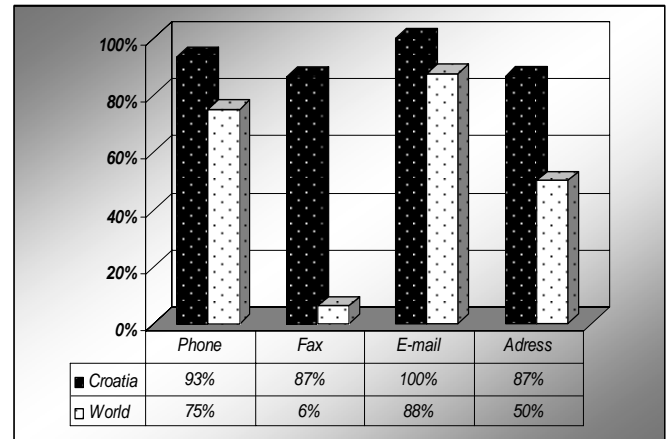


Figure 7 - Consumer communication

Results for the World List retailers are a bit surprising so we offer an explanation. Fax machine can be considered as slowly being replaced by more advanced way of communication tools as e-mail and this could be one reason for excluding the fax number. Retailers do not have many consumer related activities within their headquarters but mostly concentrate on investor related activity and tools for consumer communication are relocated to national sites for every country, hence the address of the headquarters are not posted in the contact details. The same conclusion can be drawn for the phone data as well. Regarding the e-mail address we should point out that communication through e-mail in the World List retailers is mostly done by standardized interactive forms, and in many cases the e-mail address was not even visible but only the recipient department such as public relations etc. Nevertheless the results are surprising.

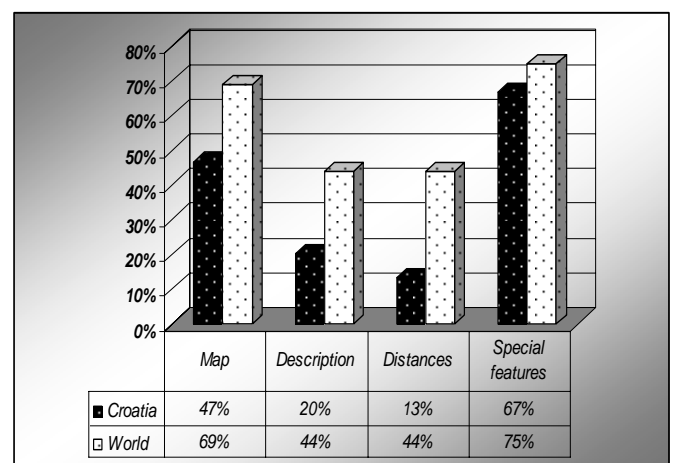


Figure 8 - Consumer communication

Data from table 2 clearly show that the World List Web sites are much more advanced when searching for

the specific store. It's very useful to have a map showing the way to the retailer store. In 69% the map to the selected store can be found on the Web site while in the Croatia List only 47% of retailers have the map. Many sites feature interactive maps. These maps are extremely useful because they can present a variety of other information, and distances can often be calculated. Description on how to find the specific store can be found on 44% of the Web sites, as well as clearly market distances from various benchmark locations. Data for Croatian Retailers indicate much smaller numbers, only 20% have the map on the Web site and only 13% provide the potential consumer the distances to the store. Consumers are very interested in knowing how much time it takes and how many kilometres there are to reach the desired store. Special features such as on-line surveys were recorded on 67% of Croatia List sites and 75% World List sites.

6.2. Pre-sale activities

Our analysis yielded the following, which show we follow the world trends, but with a lag. However, Croatian retailers have ignored the ability of uploading multimedia content, probably because of the recent underdevelopment of our Internet development since it has not been long since we had almost exclusively dial-up connections.

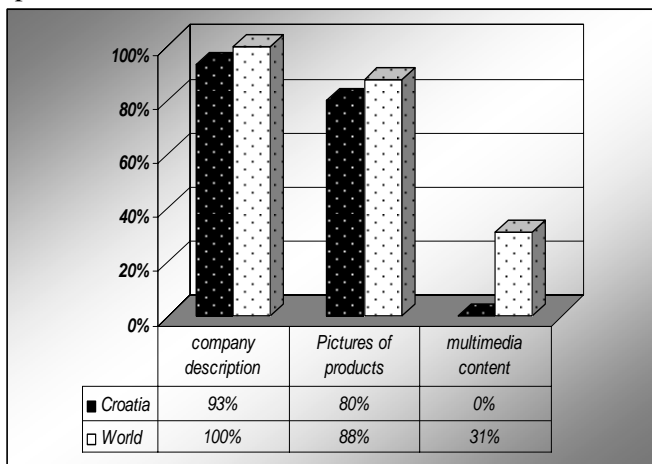


Figure 9 - Pre sale activities

In the area of the pre-sale activities, Croatian retailers have quite high cores, but still it is not sufficient to match the World ones. Consumers like pictures and no product description can ever replace the picture. Web sites with pictures are more attractive than textual ones. Sometimes, really good product picture can attract customer to buy those product even though they actually don't need it. Croatian retailers should improve their company description on Web sites and place more pictures of the products to attract potential consumers.

The area in which Croatian retailers must upgrade their Web sites is multimedia content. We found that 31% of the companies from the World list have multimedia content on their Web sites (store presentations, CEO speeches, documentaries about the company), while there was no such content on the Croatia List.

6.3. On-line-shopping

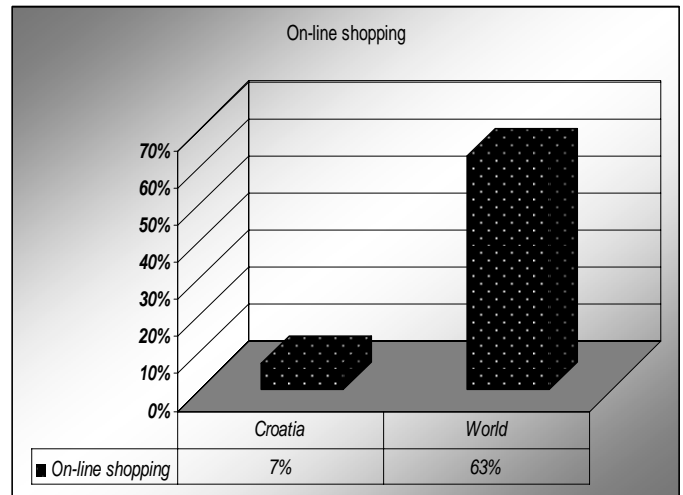


Figure 10 - On-line shopping

Only one (7%) retailer from the Croatian List offers the possibility of the on-line purchase of products while 63% of the retailers from the World List have the same possibility. This clearly shows the great possibility for the Croatian List retailers and especially with the increase of the broadband Internet subscribers in Croatia (see figure 1 and 2).

6.4. After-sales activities

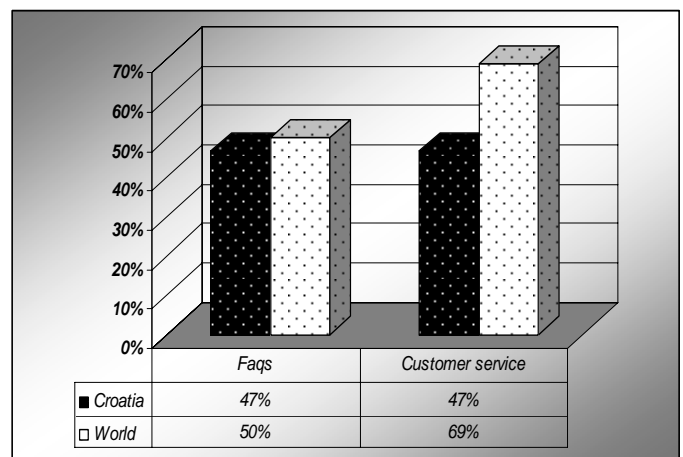


Figure 11 - After-sale activities

In the area of the after sale activities 47% of the Croatian List retailers offer information to Web site visitors via FAQs, while 50% of the World List retailers have the same option. Furthermore, again 47% Croatian List retailers offer customer service while 69% of World List retailers offer the same option for their consumers. Clearly the World's List retailers give greater emphasis on customer satisfaction.

7 Conclusions and Recommendations

Before making any recommendations, it is crucial for the retailers in Croatia to understand the following figure.

Obvious exponential growth of the Internet access and personal computer owned shows (Figure 12) that e-retailing is not just a theoretical concept and far future, but a reality that has to be taken into account when deciding whether to enter this market niche or not.

In this research we have measured effectiveness of the Web site of leading Croatia and leading Word retailers.

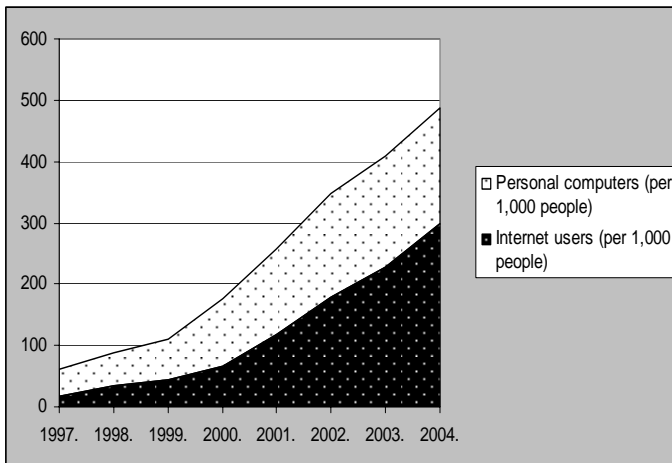


Figure 12- PC's and Internet access per 1000 people in Croatia 1997 – 2004

In the fully globalized retailing market, it has become increasingly important to find means which would enable companies to explore new niches, and differentiate their products, in order to reach a better market position in some kind of the monopolistic competition, and hence win more profits. Development of the e-technologies offered wide field of the possibilities to sell even while you are slouched in front of your monitor. Retailing chains in Croatia are yet to explore this field, still bounded by the Internet access and mistrusted customers.

The successful performance of the retailer Web site was determined by a four major areas that we considered being crucial and some conclusions were drawn.

Another method to evaluate the quality of the retailer Web sites is to investigate the perceptions and reactions of selected users. The planned follow-up research will

include measurement of the assessment of the retailer Web site visitors.

Very important aspect of the retailer Web site effectiveness is its maintenance. This continually enables access to new information about products and new contents for the Web site visitors.

A retailer Web site can be considered successful only if it presents the products in the best light to all potential consumer, if it attracts them to buy that products, and thus if it increases the commercial success of the retailer. On the basis of the research results there are some recommendations for successful retailer Web site.

The retailer Web site must contain informative contents about the retailer, while additional contents about the products, as well as some special features are always welcome.

Information which helps customers to locate the retailers store is very important.

Web site must be constructed in the language of the target group of customers.

Product presentation in a modern design which best illustrates the retailer, its market position and its special features on the market, visitors should be offered as many multi-media contents as possible (pictures, video materials, music, etc.). These contents give potential customers the best insight into the products, and, given the development of swift Internet connections, the demand for these contents will continue to increase.

Web site appeal is found to be a significant predictor of initial trust, which in turn has a significant effect on intention to use the Web site in the future, but the results do not support a relationship between Web site usability and initial trust. Web skills are found to have a positive relationship to perceptions of a Web site's usability, but initial trust in a company has no significant relationship to individual trust propensity. There is some indication, although not conclusive, that the relationship between Web site usability and initial trust may be significant only for travel-related Web sites, an area where the customer's search task can be very complex. [18]

More video content such are video presentations of product or reviews of products should be placed on the Web sites because the development of technology will enable visitors to search for such contents.

Newsletters can be sent as a very powerful promotional tool for direct promotion. Newsletter is a mail message that the company sends to interested consumers on a regular basis. In the trade industry, a newsletter contains a variety of information about the retailers and the products they offer, which represents direct and the most efficient form of promotion, creating a circle of loyal clients who always buy the same products. With their offers, retailer may attract some consumers who had not previously intended to buy their products. This is a very cheap and very powerful

promotional tool. Newsletters can be another way to get customers to return to your site. Business also can make money by being a part of affiliate programs. Depending upon the agreement with the affiliate, the business can be paid a commission when a visitor makes a purchase, or when the banner is clicked or displayed. [15]

Retailers should also work on making as many special offers as possible.

Future research will undoubtedly lead to development of more specialised web metrics as to development of web metrics for a particular function of the web site. This here research focuses only on one possible module of web metrics while in the Literature review we have shown various fields of use and gains (losses) from (not) upgrading the web sites as well as different custom made web metric modules. With the increasing importance of web sites as a marketing channel the level of competition between competitive web sites will inevitably increase. And for final reference we would like to point out that the Retailers should conduct themselves regular web site analysis including their main competitors in such research as to establish benchmark level and continuous improvement.

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