

Development of Multi-channel Commerce in the Republic of Serbia

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Abstract: *Internationalization and globalization of the market in the Republic of Serbia leads to the expansion of multi-channel commerce. The penetration of multi-channel commerce, with the increasing application of information and communication technologies, creates new ways of competing on the global market. The commerce in our country, through multi-channel interactivity “one-to-one”, provides a better communication with the consumer. With the development of interactivity, multi-channel commerce generates an adequate offer for each individual customer. The new communication policy of interactivity, the consumer independently decides about offer on electronic global market. The assumption for this way of communication is the willingness of consumers to disclose their identity. Consumers are, in essence, multi-channel oriented with many demands, where successful conception of development in the Republic of Serbia should include a multi-channel required in order to establish successfully the connection and cooperation between participants in the marketing channel. Electronic commerce is a crucial factor of expansion of multi-channel marketing, especially in retail. The fact that the Internet in total retail sale accounts for about 10% and mobile commerce near to 20%, has a significant impact on the overall sale on the global market. The direction of creating and development of commerce organizational structure in the Republic of Serbia is focused on further expansion of the multi-channel marketing system.*

Keywords: *global market, multi-channel commerce, electronic commerce, B2C, consumer*

INTRODUCTION

Internationalization and globalization of the world market, technological progress together with an increasing development of the Internet have brought to the joint global electronic market. A new strategy is created by the strategy and implementation of the global electronic market. The strategy of multi-channel commerce is oriented towards the realization of goals and basic directions of development in better competition of the Serbian economy. Such defined a strategy asks answers to the following questions:

- Does internalization exert influence on the development of multi-channel commerce and commerce competitiveness of the Serbian economy?
- How much is the global e-commerce presented through e-commerce development in Serbia?
- What are the development conditions of multi-channel commerce in Serbia?
- What is the role of e-commerce in developing multi-channel commerce in Serbia?

A new multi-channel commerce of electronic marketing channels is created by the strategy and implementation of e-commerce. Strategic alternatives of multi-channel commerce should be selected to the target market of Serbia that is suitable for successful formulation of e-commerce development strategies. Target marketing strategy evaluates and selects appropriate market segments with a view of adequate B2C offer. The Internet strategy builds a powerful interrelation with consumers with a view of positioning products relating to competitors on the global e-market. One-to-one marketing makes the final form of market segmentation for positioning the individual, making the basis of contemporary strategy of personalization. Web strategies offer contents of information that is completely appropriate to preferential of the users, being in accordance with requirements of every individual consumer.

1. THE INFLUENCE OF MARKET INTERNATIONALIZATION AND GLOBALIZATION ON THE TRADE IN SERBIA

Internationalization and globalization represent the most important changes thanks to the global e-commerce where the world becomes more and more one global market. The global e-market has the characteristics of free market and free traders (Koncar, 2008, p. 183). Penetrating in the global market through e-trade development represents a new form of

marketing channel for Serbian commerce by implementation of multi-channel commerce. Retail sale companies doing business in market-developed countries are very attractive for the market in Serbia. Opening the markets, Serbia attracts foreign capital in commercial activities stimulating in this way development of foreign retail traders. Such policy stimulates the home economy development, competitiveness and more intensive joining the global market flows. Innovation makes the key component of efficient commerce development in Serbia. The processes of competition should guide market internationalization and globalization in Serbia.

There are many traders in Serbian markets, being different according to the size and market shares. Participation of the biggest trade chain in the total retail turnover of everyday consumption ranges about 26%, while in most European countries, the biggest trade chains participate with 30 to 35%. Five biggest trade chains in Serbia participate with 40%; in most EU countries, it is between 70 and 90% (Lovreta, 2009, p. 499). In creating the appropriate market structure in Serbia, an intensive competition with the simultaneous further stimulus of foreign commercial chains in our country is necessary, as well as strengthening competitiveness of home traders and finding new marketing channels.

Together with developing market internationalization and globalization, the further development of interactivity through multi-channel commerce in Serbia is developing. E-commerce has a dynamic character with the tendency of constant expansion, requiring the union of new elements and functions on the global e-market. Legal regulation of e-commerce is a significant infrastructural precondition of online business (Zakon o elektronskoj trgovini, 2009). The problems relating to e-commerce in Serbia required regulation of numerous questions as e-signature and the question of original, evidence of credibility and integrity of message and the sender, responsibility of all persons in the process of receiving and sending the message. There are also questions of consumer protection buying online, problems connected with electronic money transactions, data protection, as well as questions relating to the responsibility of all participants in electronic communications on the global Internet market. Creating the completely institutional conditions in Serbia, free development of e-commerce will be provided. It is necessary for successful entering international economic flows, as well as further development of the new multi-channel commerce.

The Internet in Serbia contributes to the development of international marketing channels enabling establishment of the long-term relationships with consumers on the global market. In Serbia, 52.1 % of households had the Internet connection in 2011. It is the increase of 1.7% in relation to 2010. Most Internet connections are in Belgrade amounting to 51.6%; In Vojvodina Province it is 42%, and in the Central Serbia, it is 36.3% (Upotreba informaciono-komunikacione tehnologije 2011, p.3). The number of people using the Internet in Serbia increased for 2.2% in 2011 in relation to 2010 (Upotreba informaciono-komunikacione tehnologije 2010, p.14). The Internet development changes the structure of marketing channels and creates quite new relationships between participants in the channels. Successful realization of the global internationalization strategy requires in Serbia appropriate structures of marketing channels and their positioning for successful realization of international business. Directives of the future e-commerce development should be searched for inside multi-channel marketing, with a view of increasing the number of active consumers on the Internet.

2. IMPLEMENTATION OF MULTI-CHANNEL COMMERCE IN THE REPUBLIC OF SERBIA

The enterprises in Serbia deliver their products to consumers in different ways and different marketing channels. Consumers change the place to buy products in order to provide bigger market values for their money. Participants in marketing channels change their marketing channels for some segments of consumers, as well as their specific products. Such an approach in marketing channels brings to multiplying marketing channels. The two forms of marketing channels multiplication are the differentiation of channels according to producers and differentiation of channels to consumer segments (Lovreta, Koncar, Petkovic, 2011, p. 185).

Differentiation of marketing channels to products means the direction of products through different channels to consumers. Multi marketing channels means that different products are directed through different marketing channels, as stores, catalogues, online sale, etc. On the Serbian market, for instance, producers of floor paneling use this marketing channel strategy. Namely, the sale of commercial panels are done through special selling places, i.e. selling places for institutional buyers, big buyers as banks, business buildings, health care institutions or retail companies. On the other hand, there stores for selling floor paneling for households, individual consumers, etc. dual marketing channels of products as the form of differentiating marketing channels functions to sell the same product through parallel marketing channels. The market of Serbia for pharmaceutical products functions through drugstores, internal pharmacies in hospitals, outpatient departments, and so on.

Differentiation of marketing channels to consumer segments is aimed at reaching different segments of specific consumers. Producers of meat products in Serbia access on two marketing channels: for consumers through retail trade chains, i. e. special retail trade stores, while institutional consumers have at their disposal the net of direct sellers of regional selling centers. In some regions, besides regional selling centers, there are distributive centers for buyers as catering firms.

The enterprises in Serbia are in front of the challenge of decision-making on optimal marketing channels and the choice between the increasing numbers of marketing channels. The basic challenge is the choice of marketing channel mix when accessing the global market. Every marketing channel in multi-channel strategy access has its advantages and disadvantages. It is necessary to take into consideration different parameters when making decision, complexity of buying and selling transactions, costs of marketing channels, etc.

Planning and integration of well-integrated multi-channel strategy requires investment and evaluation. To implement electronic commerce as an alternative marketing channel, it is necessary to provide the information system to support electronic order, electronic paying, and mechanism for product deliver. The strategy of multi-channel commerce requires the integrity with all other channels.

Consumer behavior researches in multi-channel commerce and e-commerce show (Bern, Evans, 2010, p. 175):

- 27% of consumers search information online about stores, maps, events and phone numbers,
- 22% of consumers search information online on products to buy in stores,
- 21% of them compare prices in online stores and catalogues,
- 21% of customers take coupons online to buy in stores,
- 18% buy in stores as the result of e-mail promotion.

In the Republic of Serbia, consumers use the Internet for services of tours accommodation (62.2%). They sell or buy products on the Internet (52.9%), use the services of the Internet banking (63.2%), search for information on products and services on the Internet to decide easier about buying (58.5%) (Upotreba informaciono-komunikacione tehnologije 2011, p.10). These indices show potentials of the Internet in developing multi-channel commerce on the Internet in Serbia.

3. ELECTRONIC COMMERCE AS THE FACTOR OF MULTI-CHANNEL DEVELOPMENT IN THE REPUBLIC OF SERBIA

E-commerce in Serbia records the high rate of growth in 2010, as it can be seen in the total business volume amounting to €120 million. The biggest number of buyers in Serbia comes from city areas (the biggest volume of buying is realized by buyers from the Belgrade market segment). We should emphasize the fact that buyers from small city environments and rural areas increases constantly.

The analysis of e-commerce characteristics in Serbia requires the analysis of leading categories of products and services that consumers buy mostly by electronic marketing channels. The biggest participation in e-commerce is recorded in highly standardized products as books, journals and newspapers, furniture and toys, pharmaceutical products, computer hardware equipments, tours accommodation, films, music, e-teaching aids, etc. The survey of individual products and services ordered by the Internet in 2010 can be seen in the following Figure 1.

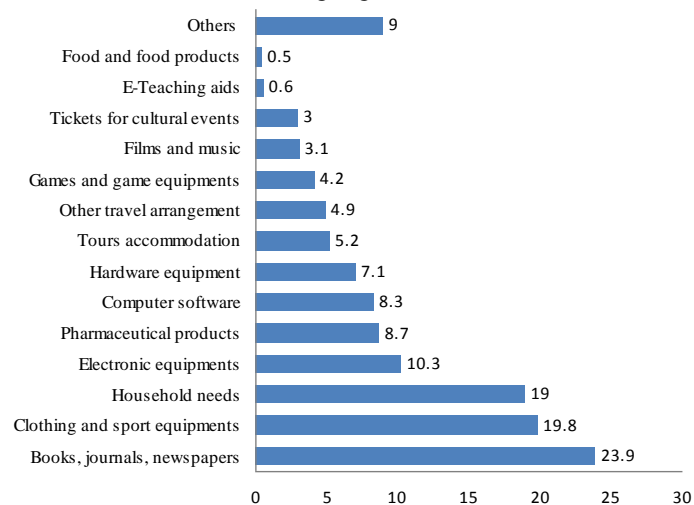


Figure 1: The Global Internet Market of Products and Services in the Republic of Serbia (in %)

Source: Upotreba informaciono-komunikacione tehnologije 2010, p. 32

The majority of users of the global Internet market of products and services in Serbia buy/order books, journals and newspapers 23,9%, while other products and services record proportionate participation under 20%. In the period from 2000

to 2010, significant investment were largely invested in IT infrastructures, contributing to e-commerce development, as well as passing the law on e-commerce in 2009 and so conditions for further development of B2C e-commerce were created.

Modernization through stimulating information and communication technologies of the global Internet market of products and services in Serbia has been necessarily followed by the diversification of commerce institutions. Development of different systems and methods of multi-channel sale stimulates e-commerce development. Intensive development of competition processes in Serbia makes the primary initial factor in e-commerce progress.

CONCLUSION

Success in access to the global market is conditioned by the choice of multi-channel commerce in the Republic of Serbia. It requires the creation of new relationship structures between participants on the global market, where all the participants have the aim to realize efficiently and effectively the set goals. Thanks to the Internet, the whole world is becoming one global market, where development of commercial activities is stimulated. The Internet contributes to multi-channel commerce development, changing the structure of marketing channels and the way of functioning on the global market. The application of the Internet changes the position of consumers in the Republic of Serbia, and the appearance of marketing channels directs from consumers to distributors and producers. Therefore, we can conclude that the Internet represents the key power of multi-channel commerce on the global market. The realization of multi-channel strategy on the global market requires the creation of an adequate structure of marketing channels in the Republic of Serbia.

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