

Consumer Behavior and Challenges in The Strategic Planning of The Enterprises in The Digital Environment: Case of Macedonia

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Abstract: Functioning in today's world is completely changing under the influence of the dominant use of information technology. The rapid development of the technology and the Internet drastically alters both consumers and enterprise's environment. The Internet is widely accepted by the consumers which manifestly changes their behavior. The consumers use the Internet as a tool for searching various information, products, services, for exchanging experience, communication etc., which eventually results in ordering and/or buying products and services via Internet.

The digital environment has changed the way consumers and businesses interact, provided new opportunities by facilitating access to information and reduced transaction costs.

The aim of the paper is to analyse the altered behavior of the consumers caused by the Internet usage and challenges of the enterprises for implementation of strategic approach in the new digital environment. Enterprises have a limited insight in their consumers, therefore strategic analysis are necessary for them in a new changeable environment, which will ensure competitive advantage and adequately meet the demands of modern consumers.

Key words: the Internet consumers, changing behavior, digital environment, strategic planning, , e-strategy.

Introduction

In modern conditions of life the Internet is a necessary tool, for both the citizens and the business community. Today, modern life and modern way of work can not be imagined without the Internet. The digital environment has changed the way consumers and businesses interact, provided new opportunities by facilitating access to information and reduced transaction costs. Digital environment of enterprises is characterized by instability, turbulence and discontinuity, where information technology, the Internet and innovation have dominant role. In the new information environment the individuals have much more active role than the one they could have in the economy of industry information of the 20th century.

As a result of the Internet and the Web are created a number of powerful new software applications that enable certain traditional activities to be performed electronically, such as e-mail, search engines, intelligent tools, online forums, streaming media, cookies, web 2.0

features and other services (Laudon and Traver, 2010, pp.172-181). All of these software applications are relieving people's life and simplify and speed up business. Therefore, daily is increasing the number of Internet users.

There are different definitions for Internet users. In this paper is accepted the definition of Internet World Stat according which Internet user is anyone who has the capacity to use the Internet as follows: to have internet connection and have a basic knowledge of using web technology.

Every user of the Internet at the same time appears as a consumer of a product or service whether they are offered online or offline. Therefore, the number of Internet users is continuously increasing. Internet customers represent internet users who buy products or services offline and/or online and use the Internet to search for wanted information, but it is not necessarily to buy online on Internet.

In the new (digital) environment businesses must be consumer-oriented if they want to be

competitive on the market. The fact that with the development of Internet consumers are becoming pickier and the stronger competition contributes to increase the need for continued researches of the environment of enterprises. New developments in the environment of enterprises create new problems and challenges but also opportunities for finding solutions to them. To be effective in its operations, enterprises urgently need to respond to changes in the environment i.e. to the changeable requirements and needs of their consumers.

The knowledge of consumer behavior is an important element in building successful marketing strategies such as positioning of products, market segmentation, new product development, new applications, and different marketing actions and so on (Sekulovska and Basheska Gjorgjieska, 2008, p.421). Therefore, enterprises need to analyze the behavior of their customers, but also the behavior of the consumers of their competition, which will help them in developing strategies for retaining their consumers and attracting the competitive consumers. Strategic planning in the business has emerged as a result of turbulence in the environment, the dynamics of changes and uncertainty.

Characteristics of Consumer Behavior on The Internet and Challenges For Business

The Internet is used differently by different categories of people, so their behavior using the Internet is changing i.e. it is a specific behavior of Internet users. Lewis and Lewis identify five different types of Internet users or patterns of use of the Internet (Chaffey, Ellis-Chadwick, Mayer and Johnston, 2006, p.78):

- Users looking for direct information - users looking for information about products, markets or use their free time to search and they usually do not plan to shop online;
- Users looking for indirect information - known as surfers who want to search and browse various links and often click on various advertising links;
- Direct customers - customers who buy certain products online; for these users the sites of brokers or cyber intermediaries that enable to compare

prices and features of products are important locations to visit;

- Bargain users - users who want to find available offers from sale promotion such as free samples or competitions;
- Users looking for entertainment - users who want to be connected with the web in order to enjoy through participation in competitions like quizzes, puzzles and other interactive games.

According to Rogers and other there are four other reasons for the behavior of Internet users, such as: research or downloading information, communicating or socializing, surfing or entertainment and purchase on the Internet (Brian F. Blake et al., 2012, p.6).

The American Marketing Association defines consumer behavior as 'dynamic interaction of emotional and cognitive elements, behavior and the environment in which human beings conduct the exchange aspects of their lives.' In other words consumer behavior encompasses the thoughts and feelings that people experience and the concrete actions they take in the processes related to consumption. It also covers all elements of the environment that affect these thoughts, feelings and concrete actions.

These include comments from other consumers, advertisements, information for prices, packaging, product appearance and many other aspects (Paul and Olson, 2009, p.5) Or, consumer behavior can be defined as a set of different activities that consumers take in the process of buying, consuming and disposing of (release) of certain products and services (Ristevska Jovanovska, 2013, p.15).

According to Turban, E., et al. (2008, pp. 157-160), the basic model of consumer behavior in the digital environment is composed of the following parts:

- independent variables that are divided into individual features and characteristics of the environment;
- interventional variables that are under control of sellers and they are divided as market incentives and a system of electronic commerce;
- the decision-making process, which is influenced by independent and interventional variables;

- dependent variables represented by the types of decisions made by the customers.

One of the reasons the Internet has changed consumer behavior is that it helps to search easily and efficiently than ever before. Just a few clicks on the computer screen allow driving on the highway of information. People's life becomes easier with the use of technology, because the same performs the most of their work. Just by typing a word, the browser allows you to get the required information (Blackwell, Minijard and Engel, 2010, p.115).

Integral part of the daily modern life of almost every person represents social media. Social media are increasingly becoming an important source of information used by consumers especially in the search phase. On the other hand, increased use of social networks allows enterprises to cultivate brands and to have influence on the purchase. Social media not only connect individuals, but also provide personalized way of communicating of enterprises with customers, so that they become an important marketing tool for enterprises. Facebook, Twitter, LinkedIn and YouTube are on the top of the list of social networks that are becoming popular among consumers and enterprises. The number of users of these networks is increasing daily and therefore they change the plans of enterprises and the performance of these networks.

Customer relationship management (CRM) is a business activity of business entities which is practiced for generations. CRM covers a wide range of topics, tools and methods, ranging from proper digital products and services design to prices and loyal programs (Turban, E., et al, 2008, pp. 607-608).

The changes that are constantly occurring in the external environment become a critical factor for the operation and success of businesses and there is a need of constantly study of the environment and consideration of the opportunities and threats of the same.

New challenges in the environment of the enterprises impose the need for building a strategy with a clear focus, i.e. they should have the following characteristics (Porter, 2009, p.130):

- a strong Internet technology and its knowledge,

- building distinctive strategies with a clear focus,
- accent and focus on creating value for customers,
- distinctive ways of performing physical activities and making the property that is not on the Internet and
- deep knowledge of the business and establishing their own skills, communications and information.

According to Ward and Peppard (2002, pp. 35-37) as key success factors in the strategic operation of enterprises in the new environment that should be taken into consideration are the following:

- 1) External, not internal focus - focus on customers, suppliers, competitors etc.;
- 2) Adding value, not reducing costs - better products and better services can bring success;
- 3) Sharing benefits within the organization, with suppliers, customers, even in some cases with competitors;
- 4) Understanding of consumers - what they want, what they do with products and services;
- 5) Business-driven innovation, not technology-driven innovation - need to follow the requirements of the market;
- 6) Individual development - but not a full application, just an individual approach;
- 7) Use of information benefits for business development.

With the development of Internet the enterprises have more strategic alternatives for the market, but choosing them should rely on good alignment of the strategic capabilities of the business entity and its environment.

Research and Analysis of Consumer Behavior on The Internet and Knowledge of Enterprises: The Case of Republic of Macedonia

In Republic of Macedonia (State Statistical Office, 2015), in the first quarter of 2015, approximately 69.4% of households had Internet access at home, which is just one percentage point more than that of the previous year.

These data indicate that the number of potential online consumers, which companies in Republic of Macedonia need to consider when developing their strategies, is quite high. Students and pupils are the largest number of Internet users in the country (94%), followed by the population aged from 25 to 54 years with 84%, which is also a high percentage, while users aged 55 to 74 accounts for 37%.

Therefore, can be concluded that all categories of citizens are present on the Internet market, and according to the activities and objectives of the enterprises, they could be targeted and found on the Internet.

The objective of the survey of Internet users (consumers) was to examine the reasons for using the Internet, what information users search on the Internet, did users purchase online, from where is the idea of buying and so on, in order to identify their behavior on Internet.

Table 1 shows the characteristics of the surveyed Internet users (survey sample) regarding age, gender, education level, employment status and territorial region.

The data confirm that 87% of Internet users use the Internet because of the need to be informed more - to come up with new ideas, to learn more etc. followed by the motive of communication (52.7%) and use of free time (28, 5).

Based on the model of Lewis and Lewis elaborated above in the paper can be noted that Macedonian Internet users are 'users looking for direct information', or 49.1% reported that often used the Internet for personal (private) purposes, for getting or collecting concrete information (for markets, products, services, jobs, bank accounts and others.), about 22% of surveyed Internet users are 'users looking for fun' or said they use the Internet for entertainment through games, quizzes, discussions, etc. in their free time (Chart 1).

Table 1. Survey sample of Internet users (N=438)

Characteristics	n	%	Characteristics	n	%
Age			Territorial region		
15-24	210	48	Vardar	52	12
25-54	221	50	East	33	8
55-74	7	2	Southwest	47	11
Gender			Southeast	37	8
Female	283	65	Pelagonia	89	20
Education level			Polog	39	9
Primary school	5	1	Northeast	31	7
Secondary school	123	28	Skopje	110	25
High school and more	310	71			
Employment status					
Employed	206	47			
Unemployed	94	22			
Pupil/ Student	128	29			
Other	10	2			

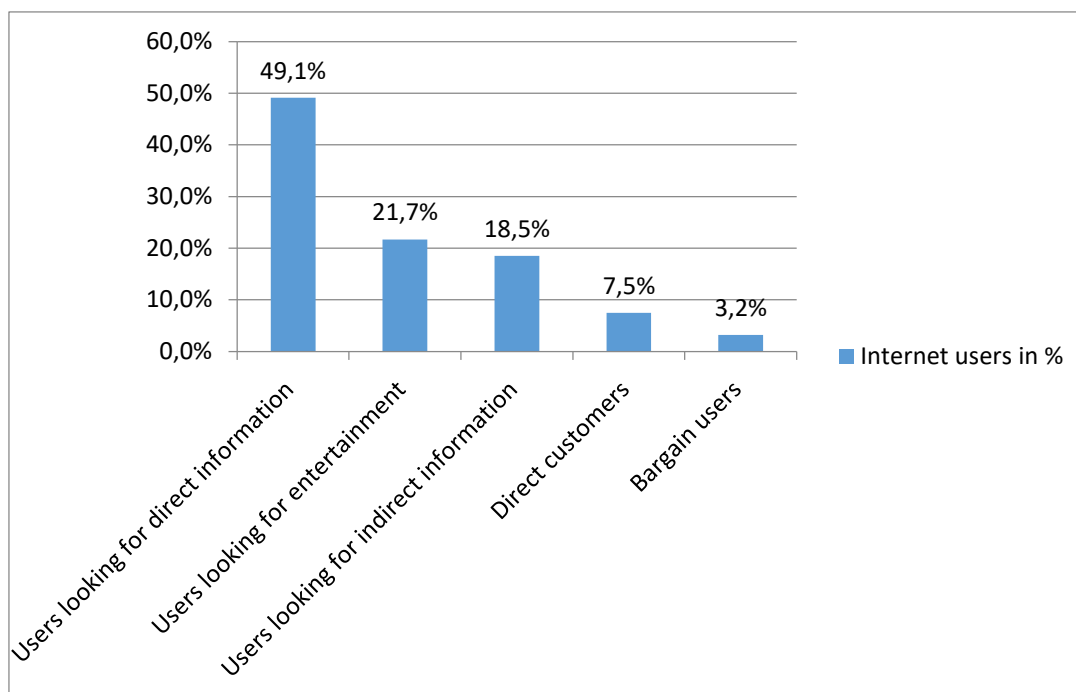


Chart 1 Type of Macedonian Internet user

Source: own research

Statistical analysis confirmed that the most of the 'users looking for direct information' are Internet users between the ages of 25-54 years (63.3%) and their employment status is employed/self-employed (54.9%).

Macedonian Internet users or consumers through the Internet the most searched magazines, newspapers, books, movies, music (56.2%) and clothing, footwear, sports equipment, accessories (55.3%), followed by travel and accommodation (49.8%).

Do not search only 3% of surveyed users, from which could be concluded that the Macedonian users search products and services online, whether the purchase will be conducted offline or online.

The three most important information that need Macedonian consumers by searching on the Internet relate to the price of the product and service (69.4%), the characteristics of the product (62.3%) and experiences and tips for using the product and service (52,7%).

The number of Macedonian Internet users who bought or ordered products and/or services through the Internet in the last three months and the number of those who have never bought or ordered is almost identical (about 37%). But it is

positive the fact that 74.7% of all respondents i.e. 47% of those who have never purchased or ordered through the Internet have plan to buy or order products and services in the next 12 months.

Most often, Macedonian Internet users are getting the idea of purchasing or ordering the product and/or service online on these three ways:

- 1) on the recommendation of a friend/colleague/relative (47.7%),
- 2) 2 of advertisement of social media, eg Facebook, Twitter and other (35.2%) and
- 3) from blogs and forums (31.7%).

Advertisements in traditional media (newspapers, TV, printed catalog) become irrelevant to the Internet users so that only 5% of respondents said that this medium is their source of information about the possibility of purchasing or ordering the product and/or service online.

In this context should be emphasized the knowledge that was determined by the survey of enterprises (included 182 companies), in fact they have partial knowledge of Macedonian consumers and still believe that traditional media are an

important source for obtaining information for consumers. Although consumers do not use (5%) traditional medium (TV, print newspapers, etc.) as a way of getting an idea of buying or ordering online, companies (41%) believe that traditional medium are the third important way for getting an idea. For enterprises in Republic of Macedonia are irrelevant blogs and forums, as opposed to consumers who use them as a way of informing or getting an idea of purchasing and ordering (Table 2).

It is very important to emphasize that enterprises in Republic of Macedonia, think that not having knowledge and skills to purchase (Chart No. 2) are one of the key reasons why Macedonian consumers do not buy and order online. However, the data of the State Statistical Office indicate a high degree of use of ICT and Internet by Macedonian citizens. In addition an empirical research done for online users confirms that lack of knowledge and skills to buy is not a reason why Macedonian consumers not buy or not order through the Internet.

Table 2 Rating the ways of getting an idea of buying or ordering through Internet from enterprises and consumers

Enterprises	Consumers
1. on the recommendation of a friend / colleague / relative	1. on the recommendation of a friend / colleague / relative
2. of advertisement of social media, eg Facebook, Twitter and other.	2. of advertisement of social media, eg Facebook, Twitter and other.
3. of advertisement in traditional media	3. from blogs and forums
4. of advertisement on website	4. of advertisement on website
5. from email message	5. from email message
6. of advertisement on the browser	6. of advertisement in traditional media
7. from blogs nad forums	7. of advertisement on the browser

Source: own research

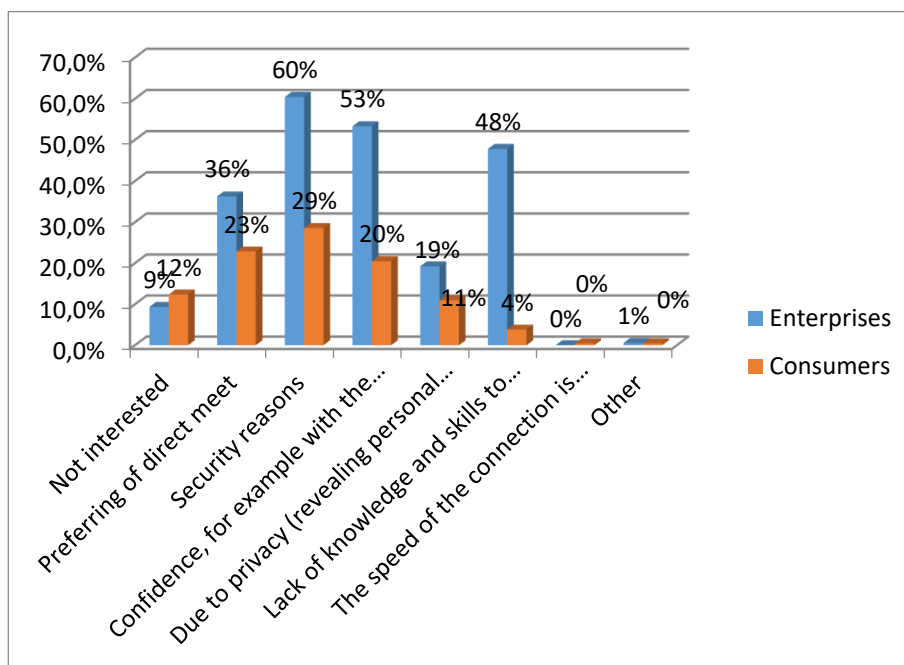


Chart 2 A comparative overview of the ranking of reasons for not buying or not ordering online

Source: own research

Therefore, enterprises need to make analysis of the behavior and needs of consumers who are significantly changing with the widespread use of the Internet and information and communication technologies.

Today, in the new environment of enterprises an important role have the digital marketing agencies, banks and their services for e-commerce, national grant program for e-activities of enterprises, managing social media services, legal regulations that treat the digital environment, etc. However, most enterprises are not aware of these important actors and stakeholders in the digital environment. For example about one-third, or 33% of the surveyed enterprises are not yet familiar with the possibility of using electronic commerce services of banks in Republic of Macedonia. Despite that in the country there are more digital marketing agencies that their services successfully offer and outside the country, about 63% of surveyed Macedonian enterprises are not familiar with their services and contribution that can have with their e-performance in the market.

As a result of the above given data can be concluded that the enterprises in Republic of Macedonia are facing with numerous challenges in the new environment i.e. with the problem of insufficient information for the digital environment.

Conclusion

In the new digital environment enterprises must be consumer-oriented if they want to be competitive in the market. Understanding consumer behavior on the Internet is one of the key factors for building effective relationships with consumers. Studies have confirmed that with the development of the Internet and the widespread adoption of Internet technology by consumers are changing their habits, needs and behaviors. Consumers are oriented toward searching for information and purchasing online, especially the younger population.

Consumers have interest to buy almost all kinds of products and services. Traditional media are not a relevant source for their information. Necessary are online shop windows, with information about the price of the product, the method of using the same, and so on. Also the method of payment and method of delivery are particularly important in the new digital environment and especially the

security aspect is a bearing tool in the electronic activities.

Consumers have confirmed that they are present in the Internet as browsers and buyers, they need to search for products and services online, use social media, websites, forums and blogs as a way to inform, search various products and services and they are interested to make internet trading.

The success of the company in the digital environment is often found in the correct evaluation of the needs of consumers, understanding of their own competitive position and anticipation of changes in the environment.

It is necessary strategic approach in the conduct of business in the digital environment because only in this way will be able to respond to changes in the same i.e. will ensure competitive advantage and properly will meet the requirements of modern consumers.

In the last decade, changes in the business environment and consumer behavior have posed major challenges to the strategic planning process of the companies.

The process of strategic planning is necessary to incorporate new techniques and methods of analysis, new strategies, an e-strategies, as well as new methods for evaluation of strategic performance as a result of the new environment.

Changes in the environment impose change in the period of planning, because what may be new in the morning until evening the same can become outdated. Overcrowded of information, the increasing power of consumers, global presence due to ICT and the Internet, as well as increasing competition open new challenges for enterprises.

Companies to survive in these turbulent times, it is necessary to build e- strategy which have to rely primarily on analysis of the digital environment.

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