

THE IMPACT OF USING THE INTERNET IN PROMOTING ROMANIAN INDUSTRY

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Abstract

Central element of the marketing mix, advertising can differentiate the companies in Romanian industry through the strategy used by each company. The present paper summarises the results of a qualitative research conducted in 15 companies acting in food, mechanical processing, textile, leather, and footwear industries. Throughout this study the benefits of using online promotion were highlighted and a diagnosis regarding the use of the Internet for promoting products in Romanian industry was performed.

Keywords: *online promotion /advertising, contextual advertising, PPC, Text Link Advertising*

JEL Classification: M₃₁

Introduction

Promotion is one of the most important elements of the marketing mix through which businesses communicate with the environment in which they operate, aiming to generating reactions or influencing the behaviour of people receiving the message. We can consider that many of the problems companies currently face are due to poor promotion, inadequate to the environment in which they operate (Tutunea, 2009). Consequently, achievement of the company's strategic goals cannot be conceived without paying special attention to promotion.

The present research had the aims of identifying the benefits enjoyed by companies using online promotion, respectively performing a diagnosis of the current situation in the Romanian industry.

Aims:

A1) identification of the main benefits;

A2) performing diagnoses of the present situation regarding the use of online promotion by companies in the processing industry in Romania.

Literature review

Advertising in the virtual environment is mostly carried out by the means of *contextual advertising, Pay-Per-Click advertising, text link advertising, banner advertising, newsletter advertising, email advertising*, but it is not limited only to them. In the virtual space new advertising methods evolve quite frequently.

Contextual advertising evolved when a decline in the effectiveness of existing ('traditional') forms of online advertising was registered, i.e. the audience was no longer reacting, banners were slowly losing their value and companies were losing large amounts of money. This advertising method is based on the content (which can be in the form of a text or an image), having as result an increasing number of customers in a quick and easy way. In general, companies using this type of advertising contract marketing agencies that display well-targeted ads on the sites within their own network or on partners' sites. This service not only improves the web users' experience by displaying useful ads, but also offers various benefits to customers, such as obtaining profit or extension of the coverage area. This type of advertising means creating advertisements in the form of text or image which then are submitted and paid for, to websites with relevant content in relation to the respective advertisements (targeted advertisement). The ads are delivered directly and automatically. Their relevance and targeting are established automatically by the search engine algorithms. Contextual advertising is often used in the virtual environment, due to the powerful influence it has on the users. For example, the user reading an article on how to get more visitors on a site may be shown, within or in the vicinity of the article, a text or image advertisement of a software through which the reader can send the site to multiple web directories. Or, on a site containing articles about security software, the reader can be targeted with an advertisement that contains details about such a software. Typically, companies that own websites with a huge traffic, make available to advertisers a system of measuring the success of the advertisement placed on their websites. Thus advertisers will be able to know who has read the message (geographic area has been very accurate lately), what site the viewer came from, how many times he/she clicked on the advertisement etc. This type of advertising is carried out on content websites and those with embedded search engines (and having a large volume of queries).

Pay-Per-Click Advertising. This type of advertising is mostly found on search engines. The most common engine used by the Romanians, and not only, is Google, completed by Yahoo! and Live Search (owned by Microsoft). On Google, this type of ads is purchased depending on the keywords defined. That is, for a given product a company wants to promote, a general name is given taking into account what the search engine user would look for (for example: "shoes"). The company will buy a share of the respective word depending on how big the competition is for it (Tutunea, 2009). This type of advertising is usually expensive, depending on the field of activity to which the advertised service or product belongs to. It is paid based on the number of clicks made on the advertisement of the company. On Google, as well as in other similar promotion channels, the results can be measured in real time, and it is possible to see at what time potential clients were interested in the respective product. Similar to contextual advertising, advertisements consist of a link containing the title of the message, and the message body. On Google, as well as on other search engines, there are so-called "organic results" and "paid results". As a result of research made by Enquiro

Research Paper (Canadian company specialized in the research of Internet users' behaviour) at the beginning of 2007, it has been concluded that users of Google search engine click very rarely on the ads displayed on the right side of the page (paid links). Organic results, indexed by the search engine, are the most used links. Pay-Per-Click advertising has immediate results and offers companies full control over their advertisements. The set of keywords targeted one day can be changed the following day. This is a short term promotion strategy. Its main disadvantage is its price: reaching the top position for certain keywords may require investing thousands or tens of thousands of Euros per day.

Text Link Advertising. This type of advertising is the main vehicle for SEO (Search Engine Optimization). Links boost a website's position in the results of queries and it is possible to get targeted visits (if advertisement is displayed on a similar website). These text type advertisements can be purchased on various websites which enable it, using broker networks (Text Link Ads, Link Adge, Link Worth, Live Customer, Site Point, etc.), or directly from the owners of these websites. It is preferable that the sites belong to the same field of activity; link weight will be higher and it will influence organic positions of the product, service or website promoted on search engines.

Banner advertising. Web banners are counterparts of conventional advertising boards or inserts from newspapers and magazines. They are present on most sites and invite you to "click" on them to direct you to a specific place on the Web. Banners are a very powerful promotional tool since they are seen by many people. On a popular site, advertisement is seen by a few hundreds, thousands or even millions of people daily. By simply clicking on the banner, you will get directly to the specific site. These ads may be found all over the Web, especially on company sites, on the sites offering daily quotations or general information. A main purpose of such a site is to attract a huge number of visitors and thus, be able to sell advertising spaces at a higher price. As TV stations, Web pages bring benefits to its operators through earnings from advertising, payment of a subscription fee for access or from selling other products. Productivity of an ad depends on the site where it is placed, its design and its layout in the page (Tutunea 2009). The best places for displaying an ad are the right side of the site, inside the article and above the article, but the main factor is the number of visitors to the hosting site and the rate between the number of visitors and the number of those who click on the ad. To select the site in which you buy a place for an advertisement, the specific characteristics of the site have to be taken into account. For example, an e-commerce site has a general audience, while a site addressing computer security has a very specific audience. In general, the cost of an ad is directly proportional to the average number of visitors in a particular period of time.

Newsletter advertising. Newsletters are not merely emails, but are a great tool to educate and inform customers and potential clients about the company, its products, values and people. It is a means of promoting the image of the brand, generating positive reactions that ultimately lead to the emergence of several opportunities. A very important aspect of this type of advertising is avoiding

spamming (sending unsolicited commercial emails). In this case, the firm or agency that sends these information emails, news etc. can be accused of violating laws of the Internet (in Romania, by ANRCTI – National Regulatory Authority in Telecommunications) and shall be punished by a fine. To avoid spam, advertising agencies usually have in their own network a number of sites having a large number of users. Users are those persons who, on registering to the site, agreed to receive advertising messages from the agency's network. The advantages of using newsletters are numerous, including: emails sent to a large number of people; advertising can be targeted according to the users' interests; it is financially affordable; each person seeing the ad is a potential customer. An email newsletter can convey information or news, required regularly or not by the user of a site and display targeted or general advertisements.

Research results

Starting from the need to outline marketing strategies in closer relation to the market demands, Romanian production enterprises must have a very good image of the environment in which they operate. This study was conducted between June and September 2012 at 15 production enterprises in three counties: Alba, Sibiu and Cluj. It was a qualitative research based on semi-structured interviews conducted with persons working in the marketing department.

A1. Identification of the main benefits

Based on the survey the following conclusions can be drawn:

a. *Cheap and lasting.* The Internet has become a highway of information for the consumer. Promotion on the Internet offers a cheap and simple way for small companies to increase their distribution networks for their products and services. For example, the use of portals can create a new channel for marketing and targeting, or could allow new ways of accessing the products by the customer. Compared to other forms of marketing, online promotion has the advantage of a low budget and minimum storage space requirement, as compared to the production of printed brochures, advertising clips and running a telemarketing centre. It provides a cheap and quick way to penetrate new markets.

b. *Development of new markets.* The websites act as virtual fronts of a shop allowing 24 hours per day sales. Online promotion ensures greater visibility of a business creating new ways to increase the number of customers at relatively low costs. It has never been easier for a new company to interact with millions of potential customers and establish a successful position, without high costs of infrastructure or costly marketing tactics.

c. *Real-time statistics to measure the success of promotional campaigns.* One of the greatest advantages of online marketing is that its success is easily measurable. Entrepreneurs may use the tools that offer real-time data about unique visitors, returning visitors or lick through rating of ads, thus enabling them to assess the effectiveness of the promotional campaign. This allows them to establish the techniques that have a powerful impact on a particular market segment and the

consequences of changes in their marketing strategy on sales. Based on the analysis we concluded that the majority of the survey participants were aware of the benefits of online promotion for their company.

A2. Performing diagnoses of the present situation regarding the use of online promotion by companies in the processing industry in Romania

Among the participant companies 8 operate in light industry, 3 companies in food industry and 4 companies in mechanical processing industry. All companies belong to the category of medium-size businesses and have a marketing department. They all have own website. Their analysis resulted in the situation presented in Figure 1.

Analysis at the level of branches of industries revealed the following situation:

The eight companies from the light industry have as activity production and sales of textile, leather and footwear products. Three of them gave up entirely their own shops in 2011. In these companies all promotion and sales activities are carried out only online. Based on the analysis performed at six months after implementing this system, expenditure fell by 12% and sales rose by 3% at the textile company.

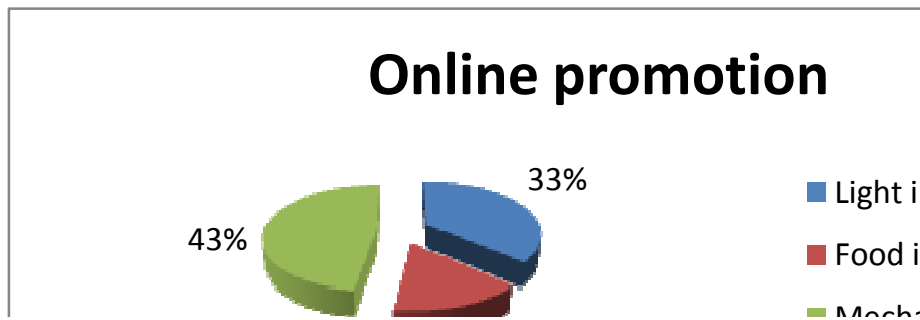


Figure 1. *Situation of online promotion by participating branches of industry*

The companies from the mechanical processing industry had an intense online promotion activity since their set-up. These companies currently have a portfolio of mainly foreign clients. Due to the specificity of activities in food industry, these companies do not have a predominant online promotion strategy. They prefer using classical promotion methods and communication channels, providing a physical proximity of the products to potential clients.

Conclusions

Considering the comparative analysis of the two media of communication – online and offline – it can be concluded that online media provides more advantages than the offline media in today's society. Among these advantages it stands out the high degree of interactivity that enables the company to be in touch with its consumers and adapt in real time to their requirements.

The target audience of many companies are young people and time spent by them in front of the television decreases in favour of time spent in front of the computer. Besides, promoting itself on the Internet, the company can communicate directly with them, find out what they want and target the message down to the level of the individual.

Analysing the characteristics of online and offline promotion, we can conclude that the online environment provides more advantages than the classic one. The two types of advertising, however, have at least one point in common: in both cases, the company must know very well the target audience addressed with the message. Online and offline advertising should be mutually supportive, conveying the same idea, reinforcing the message and not misleading the consumer.

The online advertising market in Romania is growing faster than in developed countries of the European Union, although the degree of penetration of the Internet in our country is far lower than in those countries. Consumers' confidence in this new communication channel is increasing and it slowly becomes part of their lives, being the place where they can find any information they want, can buy any product they want (the Internet ensuring them anonymity, making possible any kind of shopping without being subjected to the eyes of curious people).

Taking into account the upward trend of penetration and use of the Internet and the benefits offered by the online environment in promoting a company's products and image, anyone who advertises should turn with confidence to online advertising, while those who already use it should grant it more importance and a higher percentage of the promotion budget.

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