

# Marketing Strategy Development Directions of Web Assortment in the Republic of Serbia

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## Summary

Electronic commerce is a contemporary way of doing trade activities based on the use of information and communication technologies. In contemporary business conditions, trade faces numerous changes, which are mostly, before all, the result of market globalization, as well as information technology development. The Web assortment in electronic commerce is the key marketing instrument in a trade organization. The basic task of Serbian companies understands the need of tracking all the changes in the business environment on the global market with a view of meeting consumers' requirements and needs. Business success of an e-commerce trader, besides other factors, greatly depends on the adequate choice of sales programs.

## Key words

market globalization, electronic commerce, Web assortment strategies, brand

## Introduction

Web assortment is the basic marketing instrument in a trade organization. Its key role is the integration of all activities oriented to the current, especially future needs and requirements of online consumers. Web assortment is the first and the most important element of marketing mix trade organizations on the Internet. It is about the key element of market supply of the trade organization being present on the global e-market. Marketing mix planning of an e-market trader begins by formulating supply, primarily by assortment choice, which should satisfy completely online consumer's needs and wishes.

## 1. Web assortment strategies

In formulating Web assortment strategies, we should answer to the question if the product in question can be successful through e-commerce activities. The question is put because of the circumstances that some products and services are more suitable for e-commerce than other products and services. Within the same Web production categories, products with known brands are better sold, then products that can be transformed into an electronic form, products under warranty, relatively cheap products and products often bought. In forming and planning Web assortment strategies in e-commerce, two opposite tendencies are observed:

- One, being manifested in striving for expanding Web assortment (diversification), and enabling online consumers better choice of assortment at one place, and
- The other, expressed in making Web assortment narrower (specialization) is motivated by the need of business rationalization.

In Web conditions, the problem of quality should be especially emphasized, as online consumers cannot personally convince themselves of product quality. Buyers are not sure what they will get, therefore some trade organizations offer solutions in the following (Končar, 2008, p. 213).

The seller offers free product specimen, where the seller gives warranty of the offered product quality. Specimen is an adding high expenditure for trade organizations and it requires their compensation through the future sale.

Big retail traders apply return of goods if the consumer is not satisfied. This policy provides complete warranty to the consumer in case of his/her displeasure and it significantly makes e-commerce functioning easier. However, the cited strategy is not adequate in all cases of Web products.

Web products branding can be used as an assortment strategy. In this way, e-sellers directly exert influence on product design through the aspiration the Web product has desired features, high quality level, appropriate price, etc. With the strategy of marking Web products, e-traders

differentiate their products from competitive ones representing efficiently these differences on the market (Laudon & Traver, 2008, p. 359).

Very often, this question is put: which products can be marked/branded on the Web? According to many researches, there are no limitations in searching the answer to this question. It means that every product can be potentially marked (Končar, 2008, p. 213). Brand power and value in an online environment is measured by an estimate of online consumers having the biggest purchasing power and who are ready to pay marked Web products being more expensive relating to non-marked products.

The choice of media to promote the brand depends on the characteristics of costs, aggressiveness and reliability of the target consumer group, attractiveness of media, its flexibility in the process of implementation, image and availability to transfer messages and presentation possibility. By the appearance of the Internet and developing new electronic media, their availability have become much bigger, while the cost of using have been decreased. Electronic media offer the possibility of a very simple presentation of branded product characteristics, especially when it points to the elements of quality control. In creating Web assortment strategies, e-traders start from online consumers' needs and requirements. Therefore, we should differentiate three kinds of Web products:

- Web products of everyday and simple shopping,
- Web products of periodical and complex shopping, and
- Web products of rare and special shopping.

Web products of everyday and simple shopping are mostly of existential importance. They are relatively cheap products and they are bought often with a minimal effort of searching (food products, for example).

Web products of periodical and complex shopping are products that on-line consumers, in shopping on the Internet by means of intelligent agents, compare to the offer of other e-traders based on quality, prices, etc. Regarding to the relatively high price of these Web products, planning their shopping takes more time and online consumers are ready to put greater effort to buy these kinds of products (technical goods, for example).

Web products of rare and special shopping are products of special characteristics and/or brands

preferred by online consumers. It is about Web products where some online group of consumers is ready to put significant effort and relatively high price to buy them. Branded fashion goods, cars, various devices and so on are classified into this group of Web products.

## **2. Online consumers and their needs as a starting point in web assortment strategies**

The starting point in Web assortment policy and strategy are online consumers' needs and requirements. Consumers are the key determining factor that in e-commerce determines quantitative and structural assortment characteristics of goods and services. There is no business success in B2C e-commerce without adequate Web assortment planning in accordance with online consumers' needs.

Online consumers are analyzed through different focus groups in order to find out their needs and wishes associated to e shopping. E-commerce also has the role to perform the identification of some consumer groups for some Web products and services; therefore, it is very important to get down working on their grouping. Activities of grouping are associated to market segmentation where market is shared to some logical segments on many bases. Mostly segmentation is done through the following features: geographical (region, city size, population density, etc.), demographical (sex, age, household size, income, profession, education, race, nation, religion, etc.), psychological (social class, life style, etc.) awareness exerting influence on behavior (attitudes, innovativeness, loyalty status, inclusion, degree of interests, risk, etc.) (Končar, 2008, p. 158).

Traditional marketing theory and practice pays attention to attracting new online consumers neglecting then the importance for establishing good relationships with current consumers. According to contemporary marketing concepts in commercial activities, it is possible to realize the complete market and economic efficiency only by building a special program in the field of retaining consumers and their loyalty. It can be attained only if we provide the higher degree of consumer satisfaction.

To enable formulating the adequate Web assortment strategy, it is necessary to understand online consumers. To fulfill their requirements, it is necessary to satisfy their needs, as well as their

loyalty. Experiences of many commercial organizations in e-retail trade confirm that consumers with high satisfaction level are loyal consumers for long, purchasing on the average more new and existing products, being less sensible to Web prices.

### 3. Web assortment in Serbian E-commerce

The Republic of Serbia is lagging enough in the application of e-commerce compared to developed European countries. The basic reasons are associated to the economic situation in the country, standard of living, low quality of telephone and cable communications, computer illiteracy of the population, etc. The policy of e-commerce development must answer the key question:

“Does the country create only the framework of e-commerce or it tries to create special conditions for a more dynamic development of e-commerce, as the significant factor of economic development in the future?” (Lovreta, 2009, p. 553).

With the increase of Internet users in the Republic of Serbia, demand for product presentation and the Internet sale increases. For the buyers, there are not many in Serbia. The average profile of the online consumer in Serbia is a man of 25-40, high education. The fact that 75% online shopping in Serbia is done by individuals shows that that firms still abstain from online shopping. Unfortunately, the volume of turnover in e-shops in Serbia is so low that it is mostly an alternative form of shopping and business. This state is confirmed by the data of the Republic Institution for Statistics, according to which 22% of enterprises having the Internet ordered products and services by electronic way and 19% of firms received orders in this way. Only 264,000 people ordered goods and services on the Internet last year. In 2009 in Serbia, 67% of enterprises with the Internet had Web presentations of their assortments. According to the last researches, great majority of citizens in our country want to buy online or they already bought on the Internet, but this experience they had mostly in foreign Web shops.

Although being at the height of economic crisis in 2009, Serbia recorded a significant growth of the Internet shops. At first sight it seems illogical, in fact it is not quite so. The owner profile of these online shops is similar to the profile of owners of the former independent trade shops. Under the influence of the crises and supermarkets, they are not able or they do not want to pay the rent of

business space, several employees and goods supply as the most important, therefore, they supply it when it is ordered. These online shops with their Web presentations give a detailed description of products of their assortments. There are two substantial items, which will influence the speed of accepting the Internet shops in Serbia – if it will enable, besides saving of time and money, developing the way of paying.

It is interesting to emphasize that trade organizations in Serbia do not use enough the full potential of brand promotion on the Internet. For example, Lilly, SuperVero and Interex do not have their Web presentation, and the other trade chains present their own brands informatively, before all. Exceptions are Web pages of Mercator, Metro and DM where, besides information on brands, they point to the policy of quality controls, their way of production, suppliers and experience in brand marketing of these chains in other countries.

Web assortment with furniture, technical goods, office supplies and similar activities are good examples where e-commerce reduce marketing costs increasing the volume of information which e-traders can offer about their products. In e-commerce, there is a possibility of detailed presentations of Web assortments, with pictures of products, product characteristics, shares, price reduction and various reward plays.

The first online shop in Serbia was [www.e-ducana.com](http://www.e-ducana.com). E-ducana is the project carried out by the Agency for Marketing and Communications IMS/STUDIO 6 from Switzerland, financed by the daughter company from Belgrade, which was the owner of the patented concept. The assortment of e-ducana includes garden products, jewelry, clothing, footwear, products for recreation and sport, books, music, video, cars, motors, and travels, etc.

Recently, the first Serbian market Internet centre has been launched, [www.ishop.rs](http://www.ishop.rs). This online shopping centre gather a large number of shops of branded goods offering besides technical goods and ready-made clothing, footwear, baby goods, furniture, etc. [www.ishop.rs](http://www.ishop.rs) is simple for using, and Web assortment is clearly emphasized. There are 40 items per webpage, and one click on the picture gives detailed information.

The complete list of domestic Web shops can be found on page [www.prodavnice.com](http://www.prodavnice.com). In Serbia, mostly technical goods are sold on the Internet (including computers), making 80% of all sale, while books hold the second place. It is an interesting fact that practically there are not real

Internet shops in Serbia, meaning that sale is done online exclusively, without retail sale buildings; it is the usual practice in the world.

#### 4. Conclusion

Web assortment is a basic factor of the Internet business in a commercial organization. It determines the identity and overall activity of the commercial organization on the global online market. Web product assortment is the key structural marketing instrument of the commercial organization. The business success of e-trader, besides other factors, especially depends on the adequate choice of selling program on the Internet. Online consumers' needs and wishes are the starting point in Web assortment policy. The purchasing power of online consumers, competition, financial possibilities, availability of credit cards and other factors determine dimensions and strategies of Web assortment. To contemporary concepts of trade marketing, it is possible to reach complete market and economic

efficiency of Web assortment only by designing the special program in the field of retaining online consumers and their loyalty and it can be done by providing the high level of their satisfaction.

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