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# Economic and Social Development

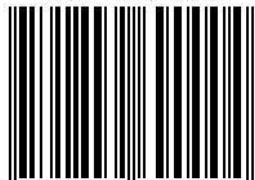
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Editors:  
**Li Yongqiang, Anica Hunjet, Ante Roncevic**

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## CONTENTS

### Globalization and Challenges of the Modern World

Abdelhamid Nechad, Taoufik Dagfri ■ THE CURSE OF BIOFUELS AND MALNUTRITION IN AFRICA .....	1
Zawiah Mat, Safiah Sidek, Othman Mahat, Nor Azierah Malik ■ THE RELATIONSHIP BETWEEN PROFESSIONALISM AND UNIVERSAL ETHICS OF ENGINEERS.....	10
Dijana Oreski, Igor Pihir, Mario Konecki ■ CRISP-DM PROCESS MODEL IN EDUCATIONAL SETTING.....	19
Zuzana Bacikova ■ THE CONGRUENCE OF CELEBRITIES AND NON-PROFIT ORGANISATIONS IN SLOVAKIA.....	29
Rafal Parvi ■ ANALYSIS OF COMPANIES OF THE MEDIA SECTOR BASED ON THE EXAMPLE OF COMPANIES QUOTED ON THE WARSAW STOCK EXCHANGE IN POLAND AND THEIR FAIR VALUE.....	38
Martina Sopta, Marko Bešker ■ FUNDING HEALTH SYSTEM IN CROATIA.....	53
Maria Amravatiwala ■ SPACE WAR – A TECHNOLOGICAL AND MILITARY REALITY .....	75
Laura Juznik Rotar ■ LABOUR MARKET POLICY AND ASSOCIATION WITH PRODUCTIVITY .....	85
Mei-Tai Chu ■ INTERRELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT AND OPERATIONAL PERFORMANCE .....	92
Vesna Bucevska, Ksenija Dumicić ■ MACROECONOMIC EFFECTS OF WORKERS’ REMITTANCES: EVIDENCE FROM THE WESTERN BALKAN COUNTRIES.....	94
Ping-Hui Hsu, Hui-Ming Teng ■ OPTIMAL ORDERING QUANTITIES WITH STOCHASTIC DEMAND UNDER DETERIORATION AND AMELIORATION .....	103
Irina Arhipova, Gundars Berzins, Edgars Brekis, Jevgenija Kravcova, Juris Binde ■ THE METHODOLOGY OF REGION ECONOMIC DEVELOPMENT EVALUATION USING MOBILE POSITIONING DATA .....	111
Chokechai Suveatwatanakul, Kassara Sukpatch ■ DEVELOPING CAPACITY MANAGEMENT OF HOSPITALITY IN COMMUNITY-BASED TOURISM TO INCREASE TOURIST LOYALTY.....	121
Azila Azmi, Muhammad Amin Ahmad, Adie Effendi Zulkefli, Zainab Khalifah ■ ANALYZING PENANG DESTINATION IMAGE FROM ONLINE TOURISM DOMAIN .....	131

Sonja Cindori, Jelena Slovic ■ IDENTIFYING MONEY LAUNDERING IN BUSINESS OPERATIONS AS A FACTOR FOR ESTIMATING RISK.....	138
Ismi Rajiani, Ahmad Rozelan Yunus, Juli Prastyorini, Meyti Hanna Esther Kalangi ■ THE NEW CARBON ECONOMY IN SOUTHEAST ASIA; INDONESIA & MALAYSIA FROM CULTURAL PERSPECTIVE.....	147
Sarthak Agrawal, Tanya Sethi ■ DO BILATERAL INVESTMENT TREATIES INCREASE FDI? : EVIDENCE FROM SOUTH ASIA.....	156
Norain Ismail ■ PROMOTING UNIVERSITY'S INNOVATION THROUGH INTELLECTUAL PROPERTY RIGHTS: A MALAYSIAN PERSPECTIVE .....	174
Sazelin Arif, Safiah Sidek, Nurdinah Abu Bakar ■ USING ACTOR-NETWORK THEORY TO ANALYZE THE USAGE OF MYeHALAL SYSTEM: A CONCEPTUAL FRAMEWORK.....	184
Hyun-Seok Kim ■ RETURN AND VOLATILITY RELATIONSHIP IN U.S FINANCIAL MARKET: FINANCIAL RISK SPILLOVER IN US EQUITY AND BOND MARKET....	194
Faruk Balli, Faisal Rana, Xuan Hu ■ BOND MARKET SPILLOVERS AND BILATERAL LINKAGES: EVIDENCE FROM EMERGING ECONOMIES .....	205
Pelin Oge Guney ■ UNCOVERED INTEREST RATE PARITY AND MONETARY POLICY .....	217
Martina Sopta, Ana Zelic ■ CLUSTER AS A MANAGMENT TOOL INSTRUMENT AIMED AT BUSINESS EFFICIENCY IMPROVEMENT .....	220
Milan Dzipina, Gyorgyi Jankova ■ DEVELOPMENT OF SUSTAINABLE CONSUMPTON THROUGH CONSUMER EDUCATION.....	243
Biljana Rondovic, Zdenka Dragasevic, Julija Cerovic Smolovic ■ DETERMINANTS OF THE SOCIAL NETWORKING USE WITHIN THE TECHNOLOGY-ORGANIZATION-ENVIRONMENT FRAMEWORK: ACROSS INDUSTRY SECTOR .....	252
Eva Rievajova, Andrej Privara ■ FLEXIBILITY AS AN IMPORTANT TOOL FOR SOLVING PROBLEMS OF LABOR MARKETS .....	260
Manuel Gerardo G. Duran ■ PUBLIC DEBT AND ECONOMIC GROWTH IN THE PHILIPPINES: EVIDENCE OF CAUSALITY .....	267
Dominika Lisiak-Felicka ■ INFORMATION SECURITY INCIDENTS: A COMPARISON BETWEEN THE CZECH REPUBLIC AND POLAND.....	281
Daniel Tomic, Sasa Stjepanovic ■ BUSINESS CYCLES SYNCHRONIZATION WITHIN THE EU COUNTRIES: THE SPECTRAL ANALYSIS.....	290

Ersis Warmansyah Abbas, Ismi Rajiani ■ A NEW CREATIVE MODEL OF DA'WAH AS A MEDIUM OF ECONOMIC DEVELOPMENT IN INDONESIA .....	302
Hanifi Murat Mutlu, Canan Yilmaz ■ ANTECEDENTS OF WILLINGNESS TO PAY A PRICE PREMIUM.....	307
Manuel Benazic, Dean Uckar ■ MACROECONOMIC DETERMINANTS OF UNEMPLOYMENT IN CROATIA: SUBSET VEC MODEL.....	322
Katarina Rentkova, Darko Panevski ■ ANALYSIS OF FOREIGN DIRECT INVESTMENT AS A TOOL OF REGIONAL DEVELOPMENT .....	326
Jan Janac, Vladimir Mariak ■ THE MODEL OF STABILITY OF THE PORTFOLIO FOR THE MORTGAGE FINANCING .....	335
Ivana Bulanda, Olga Chalanyova, Tomas Koprda ■ ADOLESCENTS' PERCEPTION OF CELEBRITIES IN SOCIAL ADVERTISING: ACTIVATION OF TRANSACTIONAL ANALYSIS EGO STATES .....	343
Antra Line ■ ASPECTS OF THE STRATEGIC MANAGEMENT IMPLEMENTATION AND ASSESSMENT STAGE REALIZATION IN LATVIAN TRADE UNIONS.....	354
Olga Chalanyova, Peter Mikulas ■ MEASURING THE CELEBRITY: CONTEMPORARY METRICS OF FAME .....	363
Diana Plantic Tadic, Hrvoje Ratkic, Branka Suput ■ COMPARATIVE ANALYSIS OF MARKETING COMMUNICATION STRATEGY ON SOCIAL NETWORKS: CASE STUDY OF PRESIDENTIAL CANDIDATES DONALD TRUMP AND HILLARY CLINTON .....	372
Ivana Vitekova ■ EMOTIONS IN ADVERTISING AND THE IMPORTANCE OF THE STORY AND CHARACTER.....	381
Lucia Spalova, Zuzana Bacikova ■ CELEBRITIES IN SOCIAL ADVERTISEMENT: PSYCHOSOMATIC PERSPECTIVE .....	392
Vladimir Cini, Natasa Drvenkar, Ivana Candrljic-Dankos ■ ENERGY EFFICIENCY PROJECTS OF BUDGET BENEFICIARIES AND ITS IMPACT ON REGIONAL ECONOMY.....	402
Andjelko S. Lojpur ■ TRANSITION COUNTRIES IN THE GLOBALISATION PROCESS – RESIGNATION TO THEIR FATE OR LATE AWAKENING .....	417
Gulser Oztunali Kayir ■ TOWARDS AN ECOLOGICAL SOCIETY .....	427
Eniko Varga ■ GLOBAL VERSUS LOCAL KNOWLEDGE IN DIY ECONOMY.....	437
Matija Blace, Anita Grubisic ■ EQUITY CROWDFUNDING .....	443

Ozgur Ergun, K. Ozan Ozer, Ali Savas ■ THE EFFECTS OF ORGANIZATIONAL CYNICISM ON TURNOVER INTENTION: A SURVEY IN HOSPITALITY INDUSTRY .....	451
Martina Sopta, Lidija Kljucovic ■ NATURAL MONOPOLY REGULATION: THE CASE OF WATER SUPPLY IN CROATIA.....	457
Alexandra Mittelman, Milena Noskova, Boris Mucha, Tomas Peracek, Maria Srebalova ■ SAFEGUARDING TRANSFER OF SECURITIES IN THE CONDITIONS OF THE SLOVAK REPUBLIC .....	476
Marina Klacmer Calopa, Ivana Djundjek Kokotec ■ THE PERFORMANCE OF THE INVESTMENT TRUST INDUSTRY: EVIDENCE FROM CROATIA .....	483
Marija Boban ■ NEW DIGITAL CONSUMER TRENDS AND CONSUMER PROTECTION RIGHTS CHALLENGES OF CROATIA AND EU IN INFORMATION ECONOMY .....	493
Alexandra Mittelman, Milena Noskova, Boris Mucha, Tomas Peracek ■ SPECIFIC CHARACTERISTICS OF CONTRACT ON PURCHASE OF SECURITY UNDER CONDITIONS IN THE SLOVAK REPUBLIC .....	501

### **Enterprise in Turbulent Environment**

Hui-Ming Teng, Ping-Hui Hsu ■ OPTIMAL MANUFACTURING QUANTITY FOR SCREENING EQUIPMENT POLICY WITH IMPERFECT PRODUCTION PROCESS ..	508
Ruben Picek, Marko Mijac, Darko Androcec ■ ACCEPTANCE OF CLOUD ERP SYSTEMS IN CROATIAN COMPANIES: ANALYSIS OF KEY DRIVERS AND BARRIERS .....	513
Jana Skoludova ■ THE IMPACT OF ENTERPRISE SOCIAL NETWORKS ON MANAGEMENT PROCESS IN THE CZECH REPUBLIC .....	523
Grzegorz Zimon ■ AN ANALYSIS OF LEVEL OF NET WORKING CAPITAL IN COMPANIES OPERATING IN PURCHASING GROUPS.....	531
Ewa Kozien ■ IDENTIFICATION OF STAGE PHASE GROWTH IN THE CHECKLIST METHOD USING DIFFERENT STATISTICAL PARAMETERS .....	538
Canan Yilmaz, Cengiz Yilmaz ■ RELATIVE EFFECTS OF TRUST AND SERVICE QUALITY ASSESMENTS ON PERCEPTIONS OF RELATIONSHIP QUALITY IN INTERFIRM RELATIONS IN THE CONTEXT OF CONVENTIONAL DISTRIBUTION CHANNELS.....	546
Ewa Mackowiak ■ THE EFFECT OF FAIR VALUE AND HISTORICAL COST ON FINANCIAL PERFORMANCE – A COMPARATIVE OUTLOOK.....	554
Martina Tomicic Furjan, Nadja Kosojevic, Zeljko Dobrovic ■ DEVELOPMENT OF AN INNOVATIVE MANAGEMENT MODEL USING METHOD ENGINEERING .....	561

Onur Akpınar ■ FACTORS AFFECTING BANKRUPTCY RISK: AN APPLICATION ON BORSA ISTANBUL.....	569
Anica Hunjet, Maja Susec, Goran Kozina ■ BUSINESS COMMUNICATION IN AN ORGANISATION.....	576
Sanda Rasic Jelavic ■ A NATURAL RESOURCE-BASED VIEW OF THE FIRM: RESOURCE-BASED ANALYSIS.....	588
Gyorgyi Jankova, Edita Strbova ■ EDUCATIONAL ASPECT OF ADVERTISING FROM PERCEPTION OF FUTURE MARKETING EXPERTS.....	598
Igor Pihir, Katarina Tomicic-Pupek, Josip Kolaric ■ BUSINESS PROCESS MODELING AND PROCESS ORIENTED APPLICATION IN IMPLEMENTATION OR DEVELOPMENT OF NEW INFORMATION SYSTEM.....	610
Hrvoje Jakopovic ■ EMPLOYER BRANDING THROUGH CSR AND SURVEY .....	620

### **Entrepreneurship Caught Between Creativity and Bureaucracy**

Vasilica Maria Margalina, Carmen de Pablos Heredero, Edison Marcelo Coba Molina ■ STRENGTHENING BUSINESS PARTNERSHIPS OF SMEs EMERGED FROM PUBLIC PROGRAMS THROUGH RELATIONAL COORDINATION MECHANISMS.....	631
Gabriella Toth-Haasz ■ IF - THEN SCENARIOS: SMART DECISIONS AT SMEs.....	641
Segbedji Parfait Aihounhin, Zhan Su ■ TOWARDS A BETTER UNDERSTANDING OF THE SPECIFIC DETERMINANTS FOR THE GROWTH OF AFRICAN MANUFACTURING SMEs .....	649
Anona Armstrong, Li Yongqiang ■ AN EVALUATION OF SMALL BUSINESS POLICY INITIATIVES INTENDED TO STIMULATE REGIONAL DEVELOPMENT .....	676
Blanka Kovac Walaitis, Jadranka Ivankovic, Azra Avdic ■ INTERNET TOOLS IN COMMUNICATION DEVELOPMENT ROLE OF SMALL AND MEDIUM ENTERPRISES IN CROATIA .....	683



## INTERNET TOOLS IN COMMUNICATION DEVELOPMENT ROLE OF SMALL AND MEDIUM ENTERPRISES IN CROATIA

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### **ABSTRACT**

*The paper emphasizes the importance of using online tools in communication development role of small and medium sized Croatian enterprises. Technology currently moves at a rapid pace that can be difficult to follow, but it is important, and even essential, that the enterprises implement and keep track with the new technological possibilities and strategic approaches to be competitive in a global economy. In modern economy, it is crucial for enterprises to change business models and adopt new techniques because of new consumer behavior in a digital age. To stay relevant enterprises, need to adapt their marketing approaches, where understanding and application of information and knowledge become a key to success. The research is focused on how small and medium sized enterprises in Croatia are considering the importance of technological changes, and are they giving enough attention to the changes in business that need to be done. The focus in the research is on internet tools usage in developing marketing communication with emphasis on Google products. It was meant to measure the level of knowledge, understanding, and willingness to learn and embrace a new form of communication to reach potential customers. An online survey was carried out and a questionnaire was sent to 1500 small and medium sized enterprises in Croatia, with 275 of them being filled it out. Results of the research gave insight about current usage of internet tools, reasons for not using internet tools, which tools are being used the most, and knowledge about customer behavior regarding information gathering and shopping online.*

**Keywords:** *business communication, information technology, internet tools, marketing communication, marketing strategy, small and medium sized enterprises*

### **1. INTRODUCTION**

Each day more and more consumers use and spend more time using internet and different online platforms. Thanks to the available technology consumers are more informed, more connected with each other, more powerful, and gain greater control over communication with companies through their websites and community networks. In today's digital era it comes to a transformation from industrial to digital economy that has knowledge, information, and new technology as the main backbone of prosperity. With the new technology, we have a new way of communication and a whole new spectrum of tools to use (Castells, 1996, referenced by Mesarić, 2005). Therefore, companies need to change their marketing strategy as well as the way of communication with clients.

Businesses today not only need to be present on the internet, they also need to differentiate themselves from competitors, and their websites need to offer more than just information for a price comparison. The point is that consumers are attracted to the websites not only for a product but for the experience (Jurković, Marošević, 2013). To stay on top, and to ensure that current clients continue to stay with the company and to attract new ones, companies have to be involved in continuous change that is happening in marketing field and technology progress. To stay competitive, they need to be up to date with new trends in the consumer world that changes rapidly, and carefully choose which path to follow considering numerous possible options.

Consumers expect a fast, convenient and efficient process of shopping with a plenty of information available on hand. One big change that has happened with the new technology is in the way how consumers act and in time needed to decide. According to GfK, "attention span is currently five minutes, seven minutes less than it was in 1998" (GfK, 2017). This is something that businesses worldwide and in Croatia must realize and respect; for consumers, time is essential. A lot of information is consumed online and there is lot to choose from, so companies need to develop a marketing strategy that is suited for their business situation. There is no one strategy that fits to every business, each must recognize what is the best approach to their consumers; where to find them and how to get their attention. Today everything is just a click away and easy for consumers, but on the other hand, for companies is getting more complicated and difficult to select the right way to approach more demanding customers.

Furthermore, 54% of consumers agree that if new technology is not easy to use they lose interest (GfK, 2017). Simplicity is the key, easy and fast website as well as simple and fast response will drive consumers to come back knowing what they can expect. The primary issue that companies need to realize is that new communication is not just adding to what exists, but communication needs to be completely transformed (Laick and Dean, 2010).

## **2. USAGE OF INTERNET TOOLS IN CROATIA**

Considering the level of integration of new technologies into all aspect of life and business, new technologies have become the main reason for growth (Boban, Babić, 2014). According to the Consumer Barometer Survey 2014/15 from Google, consumers in Croatia are using the internet mostly for research and comparing purposes, which include comparing prices, quality and availability (60%). Other reasons include: inspiration and confirmation, proven opinions and brand search, as well as search for locations and directions where to buy the product.

New market possibilities, offering services and products worldwide and reaching consumers that would not have been reached before, are good reasons for businesses to learn how to use new technologies and to adopt new tools available for business growth. There is a variety of internet tools to choose from; in this research Google tools were taken as an example. Considering Google as one of the biggest search engine used worldwide and their level of contribution to businesses, it is justified to say that Google is the most prominent information gatherer concerning consumers and their habits. In Table 1 is a comparison of Google Searches worldwide in the year they started to operate and in 2015.

Table 1: Google Search comparison 1998 and 2015, (Google Annual Search Statistics, <http://www.statisticbrain.com/google-searches>)

Year	Annual Number of Google Searches	Average Searches Per Day
2015	2,834,650,000,000	7,766,000,000
1998 (Google's official first year)	3,600,000	9,800

Therefore, businesses can use this information in creating accurate strategy; from facts on devices based on how consumers shop, when and where they are searching for a product before purchase, location of purchase, and other related details necessary and available for everyday decision making. Tools for marketing strategy development and decision making are available to use for free if you know where to find them. Some of the tools businesses can use include: Google Trends, Google Barometer, Google My Business, Google AdWords and Google Analytics. These are just examples of possible tools that companies should consider to use with more available options depending on individual purpose and goal.

## 2.1. Usage of ICT in Croatian enterprises

Chart 1 has showed usage of information and communication technologies (ICT) in Croatian enterprises in different business areas in 2016.

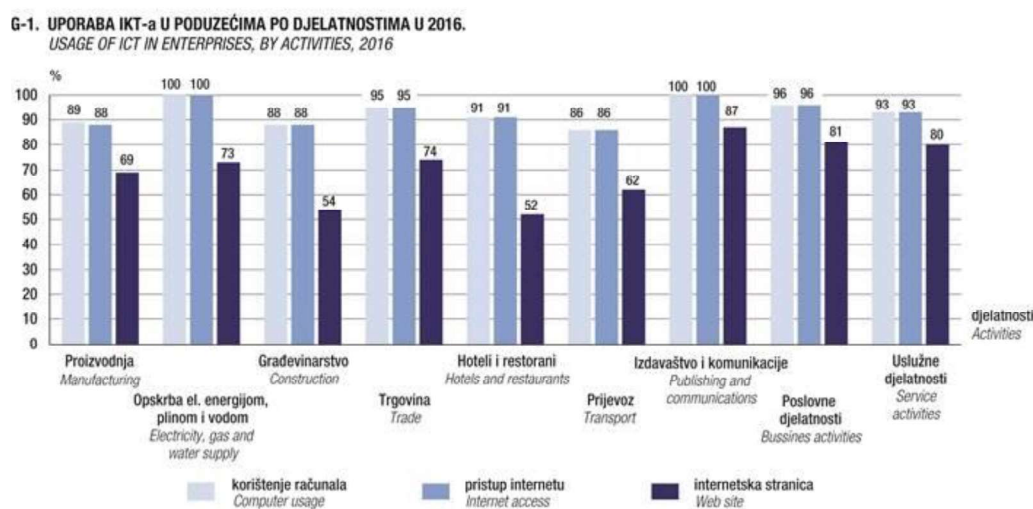


Chart 1: ICT usage in Croatian enterprises in 2016 (Croatian Bureau of Statistics, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-01\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-01_01_2016.htm))

There is on average, high level of ICT integration in business sectors in Croatia; 92% of enterprises use computers; 91% have internet access; but only 69% of enterprises own a web site.<sup>1</sup> Chart 2 shows internet access according to the type of enterprises in Croatia, where small enterprises slightly lag behind others.

<sup>1</sup> Croatian Bureau of Statistics (2016). *Usage of information and communication technologies (ICT) in enterprises, 2016, first results*, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-01\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-01_01_2016.htm)

G-2. PRISTUP INTERNETU U PODUZEĆIMA I PO VELIČINI PODUZEĆA U 2016.  
ACCESS TO INTERNET IN ENTERPRISES, BY ENTERPRISE SIZE, 2016

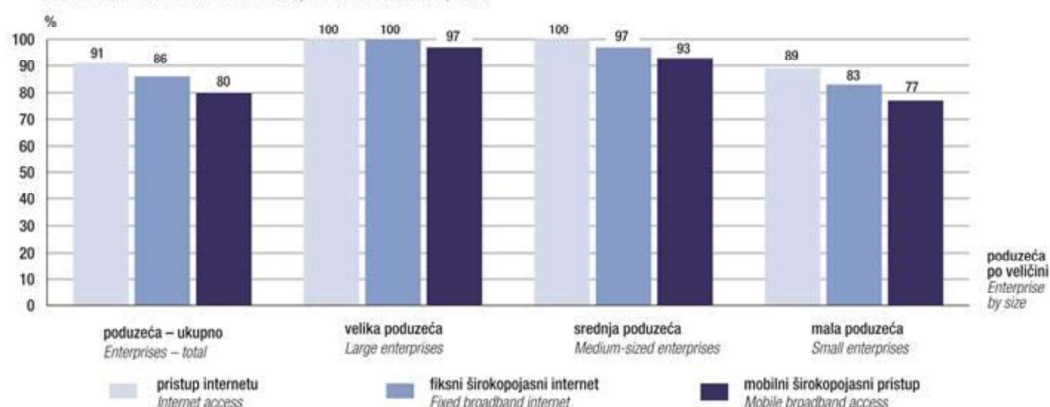


Chart 2: Access to internet in Croatian enterprises in 2016 (Croatian Bureau of Statistics, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-01\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-01_01_2016.htm))

Croatian enterprises are integrating ICT in their business process and business communication with other business entities which enables increase of efficiency. But the total volume of e-commerce compared to conventional commerce is still rather low; only 14% of sales were conducted via the internet. Two thirds of transactions were completed via the electronic data interchange systems (EDIs), while one third was completed by selling via web pages<sup>2</sup> according to the survey of Croatian Bureau of Statistics.

G-5. UPORABA DRUŠTVENIH INTERNETSKIH MEDIJA U PODUZEĆIMA U 2016.  
SOCIAL INTERNET MEDIA USAGE IN ENTERPRISES, 2016

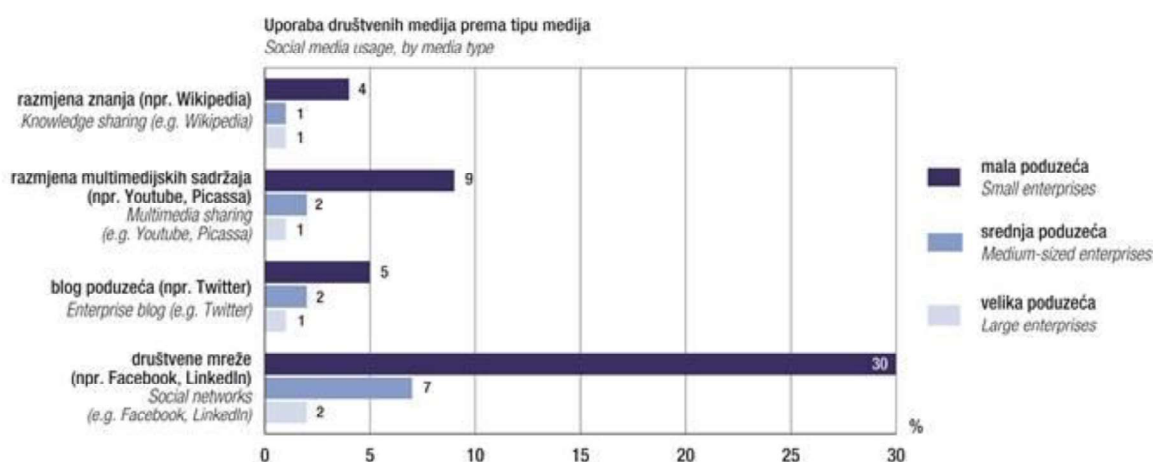


Chart 3: Social media internet usage in Croatian enterprises, 2016 (Croatian Bureau of Statistics, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-01\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-01_01_2016.htm))

Chart 3 points on social media internet usage among Croatian enterprises. Social media are mostly used for advertising and exchanging information with customers via blogs or social networks. They are predominantly used in small enterprises, while medium-sized and large enterprises rarely use social internet media for business purposes, according to the survey of Croatian Bureau of Statistics.<sup>3</sup>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

Investments in ICT and new business models allows inclusion of enterprises in the internet economy and creation of opportunities for development and growth of the business outside the physical market. This is especially important for companies and economies that operate in markets of limited size, such as the Croatian market (Babić et al., 2011, p. 66). With all the changes happening, there are greater changes that need to occur to connect all segments in business and organization (Milardović, 2010). This is the main concern, specifically in businesses that do not have resources and information to adapt in timely manner (Castells, 2001, referenced by Mesarić, 2005, p. 391). Considering the integration of ICT in business, it can generate more profits and higher growth rates, according to research conducted on large Croatian companies (Boban, Babić, 2014).

## 2.2. Usage of ICT in Croatian households and by individuals

Survey from Croatian Bureau of Statistics for 2016 shows increase in the number of internet users among all age groups, except for the user group aged over 65 compared to 2015.

G-5. UPORABA INTERNETA KOD POJEDINACA U 2016.  
USAGE OF INTERNET BY INDIVIDUALS, 2016

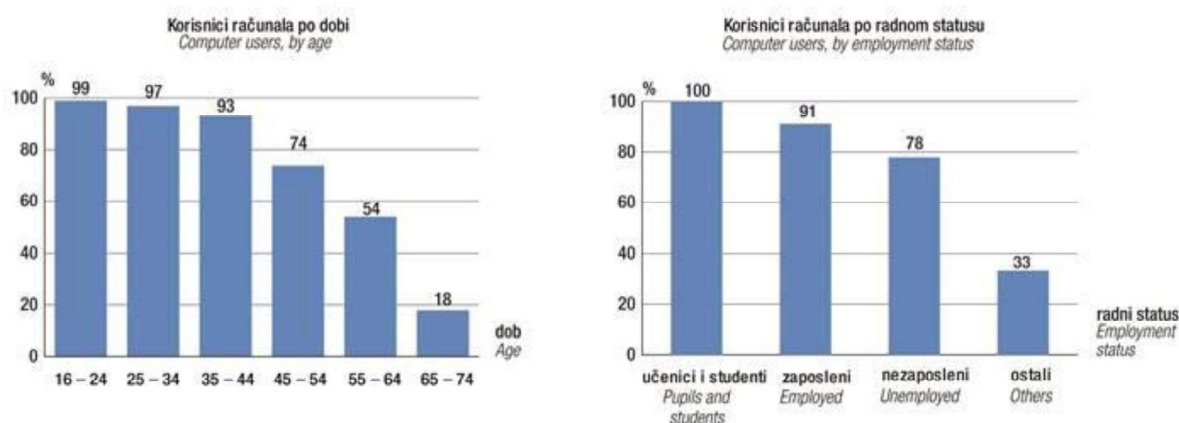


Chart 4: Usage of internet by individuals in Croatia, 2016 (Croatian Bureau of Statistics, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-02\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-02_01_2016.htm))

The comparison of the results with the data from the previous year showed that individuals mostly used the internet for obtaining information on goods and services 91%, obtaining information on health 73%, e-mail usage 79%, for reading daily news and magazines 91%, watching video content from sharing websites such as YouTube 80% and participating in social networks 69% according to Croatian Bureau of Statistics.<sup>4</sup>

There is also an increase of commerce via the internet. In 2016 there were 33% of individuals who purchased goods and services via the internet, which is an increase of 2% compared to 2015.

<sup>4</sup> Croatian Bureau of Statistics (2016). *Usage of information and communication technologies (ICT) in households and by individuals, 2016, first results*, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-02\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-02_01_2016.htm)

G-7. INTERNETSKA KUPNJA KOD POJEDINACA U PRETHODNIH 12 MJESECI, 2015./2016.  
INTERNET PURCHASES INDIVIDUALS, LAST 12 MONTHS, 2015/2016

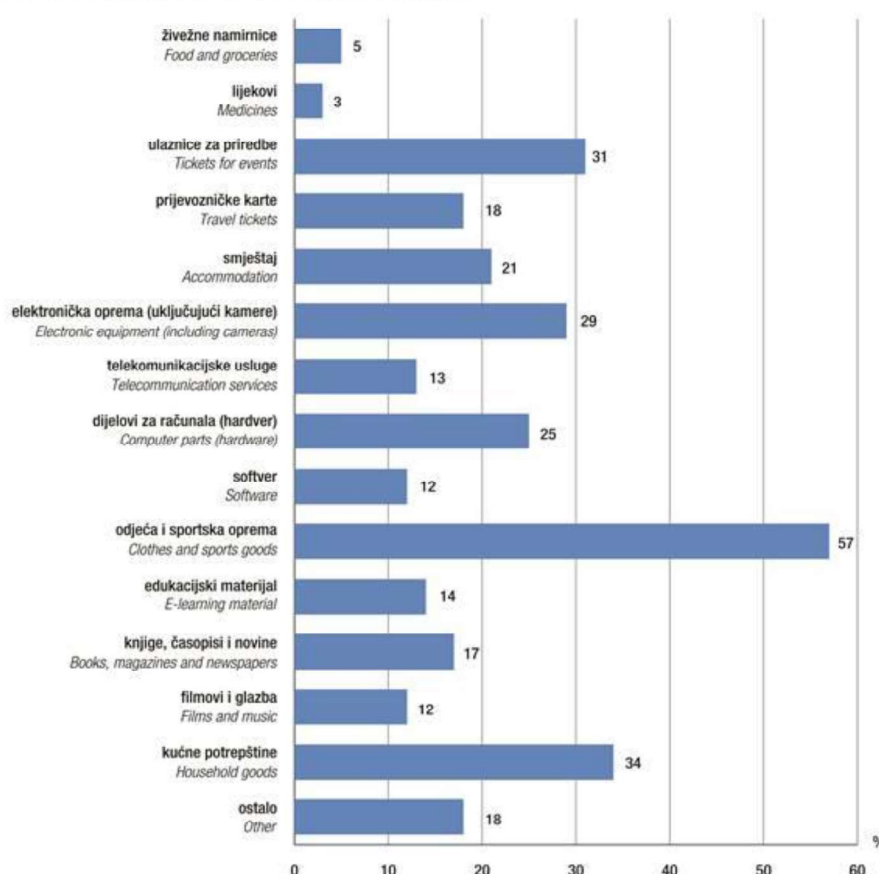


Chart 5: Internet purchases from individuals in Croatia, (Croatian Bureau of Statistics, [http://www.dzs.hr/Hrv\\_Eng/publication/2016/02-03-02\\_01\\_2016.htm](http://www.dzs.hr/Hrv_Eng/publication/2016/02-03-02_01_2016.htm))

Based on the information from the Croatian Chamber of Commerce, only 25% of Croatian consumers buy online, compared to 53% on average in EU. On the other hand, only 15% of Croatian companies have online shops. However, considering shipping prices that are usually double then in the rest of EU, it is evident why Croatian consumers do not have consistency of online shopping and paying extra for a product that can be obtained in the nearest shopping mall. (Končić, 2015).

### 3. METHODOLOGY OF RESEARCH

The research is focused on internet tools usage in small and medium sized enterprises in Croatia. The main idea is to highlight current business practice, major obstacles as well as areas for improvement. Research was done with primary purpose of finalizing graduate thesis, from which here are shown a couple of indicative results.<sup>5</sup> An online survey was carried out and a questionnaire was sent to 1500 small and medium sized enterprises in Croatia. It was collected 275 replies, which made satisfactory return of 18,3%. Survey was conducted from September of 2015 until April 2016. The enterprises were chosen as potential users for Google AdWords advertising according to size; namely from the pool of small or medium enterprises in Croatia.

<sup>5</sup> Kobak Walaitis, B. (2016). *Internetski alati u funkciji unapređenja komunikacije malih i srednjih poduzeća: primjer Google AdWords oglašavanje*, Vern – University of Applied Sciences, Zagreb.



#### 4. RESEARCH RESULTS

The main objective of the research was to create insight about current business practice concerning internet tool usage in small and medium Croatian enterprises. Based on gathered information some suggestions for further research and for improvement of marketing and business practice should be made. From total sample of 275 enterprises, out of which 89% have web site, which is better than Croatian average of 69% (see 2.1.). From all web sites; only 52% are adjusted for mobile devices, while 28% were not, but 20% are in the process of change (Chart 6). That means that only a half of respondents are aware of importance of having mobile friendly website in order to create some experience for their visitors. Namely, it is estimated<sup>6</sup> that half of the internet searches are coming from mobile devices. On the other hand, second half of websites will lose potential audience even without looking at the content on their web page. Chart 7 is revealing reasons for not using internet tools; where lack of resources was in the first place (57%), lack of time on second (20%), and no need for internet on third place (17%).

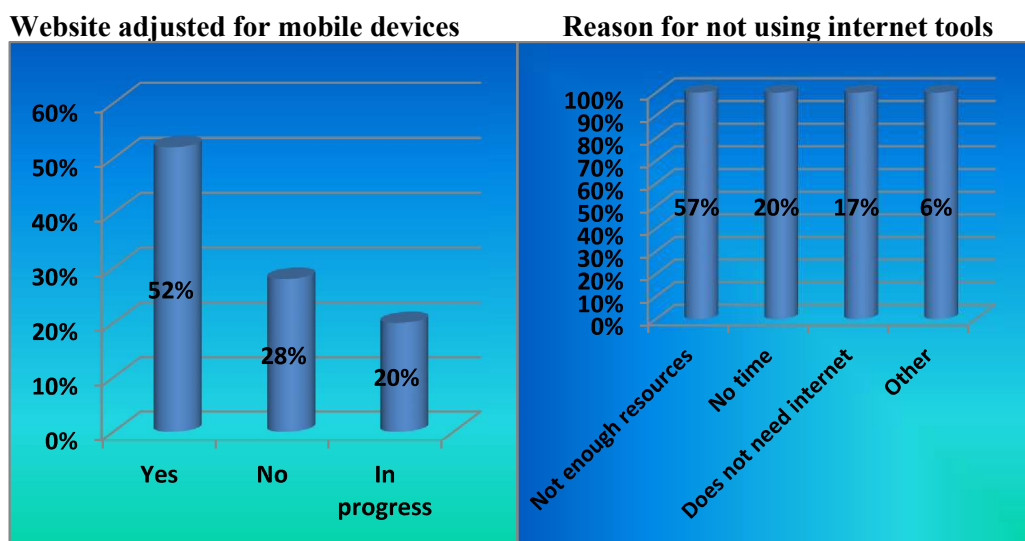


Chart 6: Website adjusted for mobile devices (Walaitis, 2016, p. 56)

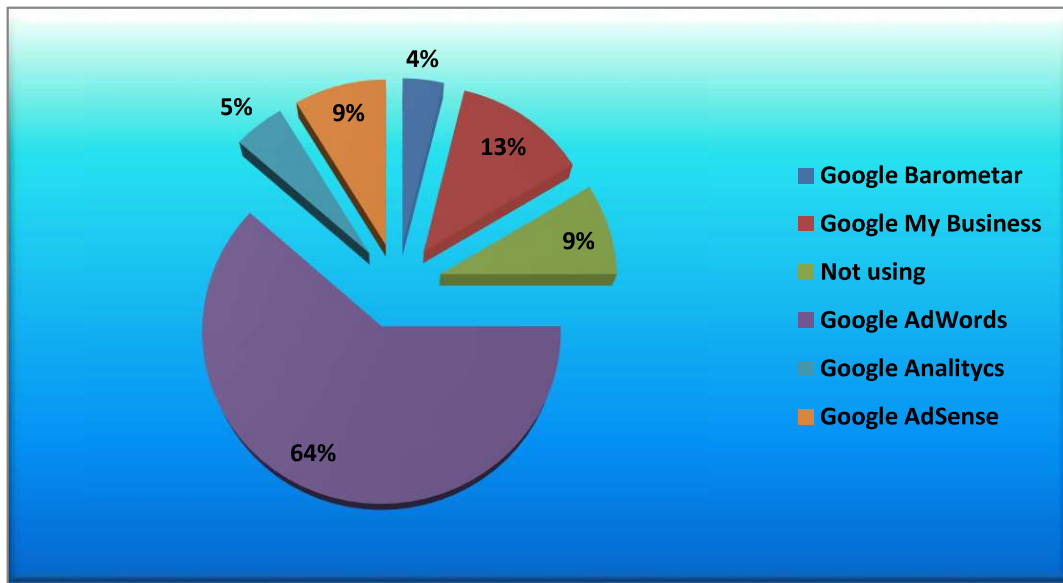
Chart 7: Reasons for not using internet tools (Walaitis, 2016, p. 63)

Sadly enough, most of internet tools are free, and there is an opportunity for small and medium enterprises to raise awareness about available options for building communication and relationship with the consumers. Furthermore, time should not be an issue, since all of this activities need to be integrated in the standard business activities and not require extra time.

*Chart following on the next page*

<sup>6</sup> Poslovni dnevnik (2016). *Evo zašto hrvatski poduzetnici i dalje gube novac*, <http://www.poslovni.hr/poduzetnik/evo-zasto-hrvatski-poduzetnici-i-dalje-gube-novac-315082>.

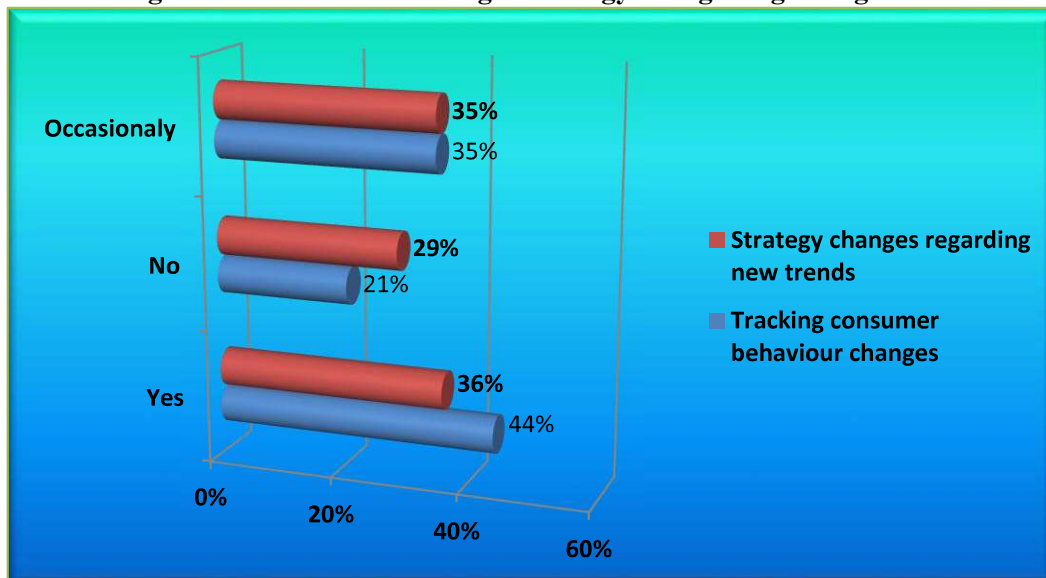
**Google tools usage in small and medium sized businesses in Croatia**



*Chart 8: Google tools usage in SME, Croatia (Walaitis, 2016, p. 59)*

Chart 8 is showing the most used Google tools, which was a multi answer question in the research. All tools except Google AdWords are free to use. Google AdWords used 64% of businesses, even though it was only tool that needs resources to be used. It can be connected to push channels with intention to sell. The rest of the mentioned tools have very low usage, which implies that small and medium enterprises in Croatia lack information and understanding about benefits of offered tools and new options for communication with consumers.

**Tracking consumer behavior changes/Strategy changes regarding new trends**



*Chart 9: Tracking consumer behavior changes/Strategy changes regarding new trends (Walaitis, 2016, p. 60-61)*

From Chart 9 could be noticed that only 44% of small and medium enterprises in Croatia track changes in consumer behavior, and only 36% of them change their strategy regarding new trends.



Shown data clearly point that majority of small and medium enterprises in Croatia are lacking information and knowledge about available possibilities about internet tools and consumer behavior. There is a plenty to choose from to help business to stay on track and to follow trends and consumers.

## 5. CONSLUSION

In modern economy enterprises must adopt new business models and methods if they want to succeed. Traditional marketing, sales and communication channels need to be fused with internet channels in an attractive and convenient way for consumers, and affordable and efficient way for companies. Marketing strategy and communication need to be reinvented in order to appeal to more demanding customers.

Behavior of Croatian consumers is following the global trends in spending more time on internet and using it for different purposes; from entertainment, gathering information and shopping.

At the same time, 44% of Croatian small and medium enterprises are aware and track changes in consumer behavior, while only 36% change their strategy accordingly. Majority of small and medium enterprises in Croatia lack information and knowledge about options and possibilities of usage different internet tools and therefore missing benefits of available tools, as well as opportunities to develop communication according to customers' expectations. In order to survive in competitive environment, Croatian enterprises need to be fast in adapting to new consumers' behavior and usage of appropriate marketing communication strategy and tools.

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