PERCEPTION OF INTERNET MARKETING ACTIVITIES AMONG STUDENT POPULATION IN CROATIA

By Željka Marčinko Trkulja

Use of internet technologies as a part of marketing communication strategies is growing rapidly in Croatia. Modern marketing trends are directing communication of millions of consumers through Internet. Since the design of Internet as a marketing channel allows bidirectional communication, multimedia and grouping individuals into networks according to their interest, possibilities for marketing activities are significant. Advantages of internet marketing are low cost and very rapid transmission of information, through a wide internet community and user interaction.

Keywords:
Internet marketing
Consumer behaviour
Student perception

In this paper a research in the field of consumer behaviour in internet environment in Croatia is conducted among student population. Perception of reliability of information acquired through Internet is significant for determination of possible future purchase of the product. Results of the study clearly show that interest in information about products on Internet, as a marketing communication channel retains a high level among student population. Study also points out that although technological acceptance is adopted students show restraint in reliability of information on Internet.

PhD student, Ekonomski fakultet Rijeka, Trpinjska 3, Zagreb, +38512313760 zeljka.marcinko.trkulja@gmail.com
I. INTRODUCTION

In last two decades, the potential of Internet, as a marketing medium is described in a significant number of publications (Avlonitis, 2000, 441).

Although Internet grows significantly in the same period studies show both successful and unsuccessful cases of online marketing strategies (Kiang, 2000, 383).

Strong Internet position for a company is today a way to improve the business performance, or even a way to reshape the business strategy itself. Application of Internet in marketing necessitates businesses to fundamentally rethink and make major changes in their marketing strategies (Varadarajan, 2009, 11).

The aim of this study is to research perception of interest issues regarding internet marketing activities among student population in Croatia. Analyzed topics particularly include student attitude toward advertising, reliability of information, personal security and pricing in an internet environment.

II. RESEARCH BACKGROUND

According to (Hussein, 2009, 28), what researchers understand by internet marketing is diverse. Basic characteristics are interactive, more personalized, better targeted form of marketing. It is important to point out that although there are differences in interpreting how Internet will affect marketing, internet marketing is a sort of extension to traditional marketing but through a different medium that possesses different characteristics.

While traditional mass communication models regarded customers as passive entities, use of Internet as a marketing channel allows communication in two directions. Communication between a company and a customer occurs in direction from the company toward the customer, and backwards, from the customer toward the company. Additionally, the customer decides when to use a communication channel towards company (Song, 2008, 101).

Internet marketing communication is information intensive. Customers can reach information about companies, products and prices 24 hours per day. Search cost for such an activity is not significant and more important, search procedures are not time consuming. Lack of physical presence in a store remains a problem (Jepsen, 2007, 21).

One of the basic characteristics of Internet is interactivity. Customers can be targeted more precisely and a marketing communication can be performed with small groups of customers or sometimes individual customers. Addressing to customers can be personalized, based on previous information of related searches and adjusted more thoroughly (Sharma, 2002, 81).

Dynamics and flexibility make significant differentiation between internet marketing communication and traditional marketing communication. Information in web environment can be changed or updated at relatively low cost (Venkatraman, 2000, 15). Internet marketing communication is not restricted to personal computers. Smartphone market is growing rapidly, videogame consoles, computers in automobiles and even advanced versions of home appliances emerge the internet marketing communication as a strongpoint of future commerce.

Early studies in domain of application of Internet in marketing communication have similarities in approach to the research activities (Hussein, 2009, 31). In these studies, identification of the influence of Internet on the marketing practice is conducted. It was considered that Internet will
transform marketing activities. Main issue was to determine the fields with the largest impact on marketing. Nowadays, dominant approach is that integration of traditional marketing activities and internet marketing activities should be provided in order to assure advantage on a dynamical and challenging market.

Customers are often not comfortable in Internet environment. Privacy concerns, as a primary inhibitor for a customer to use possibility for communication with a company must be cautiously considered, in order to get important information feedback useful to marketers. Privacy is closely connected with security (Venkatraman, 2000, 26). Therefore, modes of communication should be designed in order to enhance customer trust in reliability, privacy and security in internet environment.

In today dynamic market many companies are taking a different approach to marketing and promotion. They integrate advertising efforts with a variety of different communication techniques as for example websites on the Internet, publicity and public relations, sales promotion, direct marketing, and event sponsorships. It is generally recognized that these communication mechanisms gain more effectiveness when they are coordinated with other parts of the marketing program. Communication process is moving toward integrated marketing communication (IMC) (Kesić, 2003, 28), in which coordination of the use of a variety of promotional tools rather than relying primarily on media advertising should be implemented. In such a procedure, a synergy among promotional tools is assured which leads to development of more effective and efficient marketing communications programs.

It is important to understand that communication regarding products in internet enabled environment is developing even without presence of the company. Electronic version of word of mouth communication between customers from different parts of the world influences position of the product on the market.

Various studies mentioned in this paper regard different modes of research in the field of internet based marketing. Topics of significant interest are customer relationship, internet strategy and internet communication. Research results from 2007 (Schibrowsky, 2007, 722) points out that 60% of all studies in internet marketing published till 2007 were published in the last three years. Exceptional interest in internet marketing research is tightly connected with increasing penetration of internet enabled technologies to the market.

Research of the studies in this field show that marketing strategies should be accurately identified to maintain and assure competitive advantage of the company in the internet environment (Hussein, 2009, 36). Sustainable competitive advantage can be achieved only through combination of the existing company's capabilities and the usage of internet. It is shown that company can reach adequate distinct in market positioning through the internet technology. Customers make their decisions according to a price, resulting in lower profit per unit sold for industry.

Recent studies analyze how internet marketing move businesses toward position with enabled competitive advantage. According to (Beheshti, 2008, 61), competitiveness can be increased by the means of integrating information technology into business process. Adequate implementation leads to lowering costs and improving customer relationship. Moreover, continuous commitment to an exceptional customer satisfaction is the most significant success factor. Customer relationship standards, together with feedback to employees must be established. Modern age customers expect accurate and current product data available instantly and in real time.

According to (Varadarajan, 2009, 12) there are two main issues growing in the internet marketing strategy analysis. The competitive business strategy is defined as strategy at the business unit level
encompassing and integrating strategy across multiple organizational functions such as marketing, manufacturing, and finance, while the competitive marketing strategy is defined as strategy at the marketing function level. The competitive business strategy is to define where to compete and the competitive marketing strategy determines how to compete in selected product markets. Basics of the competitive internet strategy are control of the share of traditional channels compared to the Internet for providing information of the product to customers, communicating with customers and promoting to customers. It is important to use the potential of the Internet to innovate, customize and personalize in the fields of product, price, promotion, distribution and customer relationship management. Characteristics important for the marketing strategy are company characteristics, like resources and skills. For the industry structure important are market thinness and customer dispersion. Product characteristics for example are information versus non-information product and cost structure. There are also non-technical characteristics, which are buyer characteristics and environment characteristics. Important buyer characteristics for the internet marketing are electronic word of mouth and price transparency. There are various fields to investigate in the strategy of internet marketing.

Topics of interest of numerous studies (Varadarajan, 2009, 15) are:

- Communication and interaction between firms and customers
  - Human-computer interaction (interactivity, animation, waiting time)
  - Online communities (customer generated content)
  - Trust in internet environment
  - Personalization (artificial intelligence and decision making)

- Marketing mix decisions
  - Product decisions (digitization)
  - Pricing decisions (price search, online auctions)
  - Advertising and promotion decisions (banner and pop up processing)
  - Distribution channel decisions (multi-channel marketing and profitability)

Human-computer interaction includes research of how interactivity of images and animation influence customer online behaviour. It is shown that increasing the level of interactivity, nowadays can have unfavourable effects. Multimedia content can significantly extend the waiting time and it is clear that customer will not maintain presence in such online interaction.

According to (McCoy, 2004, 54), ads have significant effects on retention of the online experience. Ads on site tend to decrease retention of both site and ads content. Pop-up ads are more invasive, so consumer retention is influenced more by pop-up then by inline ads. Ads significantly interfere with retention of site content, and features of ads have strong effects on retaining both site and ad content. Consumer should not be interrupted while completing intended tasks.

Study from Hsieh (Hsieh, 2011, 944) indicates that there is a firm connection between attention to advertisement to occur and the placement of the ad on the webpage. Structure of the website should be considered together with its nature and information type content. Placement priority of the ad should be considered. Video based web pages and picture based web pages have advantage in advertising attention compared to text based web pages. Web page contents with diverse information types do affect the overall advertising attention and intensity for the entire
viewing tasks on web pages. Important is that the first page is more sensitive and plain to the effect of the information formatting than that other pages. Study implied the fact that a viewer has a stronger attention on the ads in the first page, and then their attention on ads drop fast after moving from the first page to other pages. Consumers are able to receive and understand graphic and video events far more easily than to hear a speech or to read text ads, which demand from consumers to spend more time and mental resources. Consumer’s mental load to process the information, and attention available for the advertisement can have more influence on advertisement adoption and effectiveness than the visual design of the advertisement. For further consideration, it should be taken into account that, when compared with traditional forms of marketing communication channel, consumer on Internet is more actively searching for necessary information, and as a result, when information is in form of a text it is to be in the primary focus of attention of the consumer.

Another issue for marketers to deal with is a banner blindness phenomenon. It is proven that no matter how the advertising content is formed, as for example grouping with the main content, changing size and colour of the message, framing the banner message differently, adding graphs or adding animation to the banner, the viewer continuously overlook the banners. This phenomenon can occur, what is important, even if the ad is inline text content. If the consumer percept the content as ad, or even if the content does not look connected with the main content of the web page, the banner blindness will occur and the observed text will be neglected. Several other studies supported this important phenomenon for internet marketing communication (Nielsen, 2007, 1).

Online communities were at the beginning an extent to a standard web content of a company, such as support forums. Today (Chiou, 2003, 50), online communities can strongly impact perception of the company.

Trust in internet environment include, as previously mentioned privacy concerns and inability to evaluate products, which is especially problem for a small-sized businesses. Important problem for a consumer is criteria to evaluate Web sites providing information. Consumers are concerned over inadequate and incorrect information from Internet (Sewak, 2005, 291). Concern over poor quality information is growing and in certain businesses (health, pharmacy) tends to be regulated. In order to make the process for evaluating such sensitive information on the Internet improved, Internet users often rely on Internet resources that review and rate Web sites.

Personalization is an interesting way to gain customers attention. In order to assure quality connection between customer and company, a customizable online environment is certainly a good direction (Moe, 2006, 34). Data applicable for customization can be preserved from customer prior online behaviour. It is shown that delay in offering a pop-up promotion and the page in which pop-up appears are variables that can be treated to enhance the desired response. Different people react very differently to personalization and the reaction can be unfavourable so it is of interest to carefully examine differences in order to develop specific personalization strategies for different customer groups. (Marčinko Trkulja, 2009, 2).

Product decisions can be of particular interest for a product that can be digitized, such as music. Possibility of acquiring a product immediately after the search is both interesting to company, which can reduce cost due to absence of physical medium producing and warehousing, and to a customer due to a momentary approach to a product.

Price policy is also important issue to analyze. Price can be set by a company to a fix value, or it is negotiable, either directly with the company or through online auction, such as Ebay. According to (Song, 2006, 224) creative pricing strategies are discount, bundle, and auction. Bundle pricing is conducted by selling two or even more products together. Bundle pricing stimulate demand and
can increase selling and profit. For large bundles, it has been shown that bundling of goods is highly profitable. Auction pricing is an access to a market that has a set of rules for setting prices based on bids from the market. Other policies may include free shipping, freebies and conditional discounts.

Research in the field of advertising and promotion in internet enabled environment investigate the way customer process commercial messages and information from the online environment and consequently, how companies can enlarge effectiveness of their internet marketing strategies. Extensive study from (Schlosser, 1999, 35) compares internet advertising with general advertising and research attitudes toward internet advertising. Moe’s study (Moe, 2006, 34) has shown that advertising effectiveness is impacted by timing and position of pop-up ads.

Analysing the multi-channel marketing approach it is evident that its existence preceded internet marketing as a channel. Different approaches have to be developed in order to assure optimal communication with the customer.

Marketing strategy in internet environment is simply described by the graph in figure 1. (Venkatraman, 2000, 25)

![Marketing operation areas](image)

**FIGURE 1.** MARKETING STRATEGY IN INTERNET ENVIRONMENT


For the business to customer (B2C) operation area Internet can be used as subsidiary channel regarding delivery of products and services. Different channels of communication should be thoroughly considered in order to maintain consistency of communication.

In customer to customer (C2C) operation area online customer communities are analyzed to understand which product characteristics are favourable and which characteristics bring complaints.

Business to business (B2B) area employs internet capabilities to heighten connections with suppliers and consequently reinforce acquisition possibilities.
III. INFORMATIZATION IN CROATIA

For the purpose of analysis of internet marketing in Croatia and adequate comparison with previous research in the area, local environment has to be researched. Parameter of interest is certainly penetration or availability of Internet in Croatia.

According to data from Croatian post and telecommunications agency, (Figure 1) in last decade number of users of internet in Croatia increased from 200 000 to 2.5 million users in 2010, which is more than 50% of population. Croatian telecoms market, as a consequence of country’s bid to join EU resulted in liberalized market with competitive structure. Statistics of internet users in Croatia show that penetration of Internet in Croatia is one of the highest in the Balkan region, and is comparable to Eastern European EU countries. Broadband penetration, important for challenging multimedia presentations is rising rapidly, generated predominantly by the providers which intend to use the platform to offer triple play services telephone, internet and television.

![Population and Internet Users Chart](http://www.hakom.hr/UserDocsImages/2010/g/O20%20Internet20Broj20korisnika%20HR1.pdf)

**FIGURE 2. NUMBER OF POPULATION AND INTERNET USERS**


Broadband services can be also reached through wireless internet service providers (ISPs) and mobile providers that target fixed-line market. Since the internet providers are raising from the internet protocol television (IPTV) the market is maturing.

According to statistical information from Croatian Central Bureau of Statistics (Ostroški, 2009, 56), for year 2008 types of internet connection in households are presented in Fig.2. Although share of broadband connection was in year 2008 more than 60%, there was more than one third of dial-up connections which are slow and inadequate for demanding multimedia materials.
IV. RESEARCH METHODOLOGY AND RESULTS

For the purpose of the research the data was gathered among students in Zagreb. The number of examinees in the sample was 209, from which 25% attended first year, 40% second year and 35% third year at the university. More than 80% of examinees are less than 25 year old, 16% are from 25 to 35 years old and 4% are older than 35 years. Gender distribution is equalized; there are 47% of male and 53% of female examinees.

Hypothesis for the research are set for the following areas:

General attitude

H1. Attitude of student population toward internet marketing activities is positive

Trust

H2. Marketing communication in Internet is reliable.

Pricing

H3. Employment of internet marketing results in lower pricing for the products.

Results obtained from the examinees are as follows. On Likert scale 1-7 where 1 stands for strongly disagree and 7 stands for strongly agree, more than 79% of examinees has positive attitude toward internet marketing, 14% are neutral, and 6% has negative attitude toward internet marketing. Mean is 5.59 with standard deviation of 1.36.

More than 82% consider advertising in the internet environment is informative, with 9% neutral and 9% disagrees. Mean is 5.56 with standard deviation of 1.36 again.

Different results are obtained for interest in internet advertisements. 45% of examinees consider online advertisements interesting, 20% neutral and 35% consider online advertisements negative. Mean is for this issue 4.24 with standard deviation 1.76.

There is still a restraint toward decision making in internet environment. Study shows that for 28% of examinees decision making in internet environment is never employed. 70% of examinees
make decisions in internet environment occasionally, while less than 2% of examinees often make decisions based on information from internet environment solely.

Reliability of marketing communication is important issue to analyze. According to the study, more than 40% of students consider information from Internet as not reliable, while 35% of students consider internet marketing communication reliable, with 25% neutral. Mean is 3.84 with standard deviation 1.55.

Different approach is to directly analyze negative attitudes. Study shows that 24% of students regard marketing communication in internet environment is often intentionally negative and communicated in order to achieve higher level of sales based on incorrect information about the products. More than 71% of students occasionally find information they regard as intentionally incorrect, while less than 5% have never seen intentionally incorrect information in internet marketing communication.

Indignity is also important factor regarding trust. Study shows that 30% of students have never been insulted or offended by ad in Internet, with 66% neutral. Less than 4% of the students consider themselves often offended by online advertisement. This results are in good agreement with the study from Schlosser (Schlosser, 1999, 49)

Interesting is that if the marketing communication in internet environment results in acquisition of the product attitudes slightly change in positive direction. Less than 21% of examinees think that product they acquired is not correctly and accurately described in internet advertisements. More than 46% of examines regard the product correctly described, with 33% neutral. Mean is 4.33 with standard deviation 1.29.

The last issue addressed in the study is pricing in internet environment. 26% of students consider that use of internet marketing will lead to higher price of the product with 23 neutral. According to the research, 51% of students consider that utilization of internet marketing results in lower price of the product. Mean for this issue is 3.39 with standard deviation 1.54.

Study points out that although majority of students does not think that the use of internet marketing leads to a higher price of the product, student do not expect higher value for the money invested in the product advertised in internet environment. 54% of students regard that acquisition of the product advertised in internet environment will not lead to a higher value for the money invested, with 24% neutral. Only 22% of students consider that acquisition of the product advertised in internet environment will lead to a higher value for them. Mean is 3.18 with standard deviation 1.61.

V. DISCUSSION OF RESULTS AND LIMITATIONS OF THE STUDY

Results of the study clearly show that students see Internet as wide and rich source of information. Internet marketing communication is dynamic and flexible and students regard this mode of communication positive. Internet as a channel of marketing communication is regarded highly informative by majority of students.

Although perception of internet marketing communication is positive in general, percentage of students interested in internet ads is significantly reduced. Result of rapid development of internet marketing is exponential growth of quantity of information delivered to target population. Reach multimedia ads are often both time and resource consuming. This negative feedback leads to reducing of interest in such a communication.
According to study, 35% of students consider internet marketing communication reliable, which is similar with 32%, as result of the research for general population obtained in US (Schlosser, 1999, 43).

Study shows that 24% of students consider themselves often misled by marketing communication in internet environment, and only 5% of students are confident in internet marketing communication. Trust is fundamental predictor in consumer behaviour analysis (Taylor, 2010, 954) so perception of internet marketing communication should be treated carefully.

Student’s perception of the pricing of the product advertised on Internet reveal expectation that the employment of internet marketing communication will lead to lower price of the product. However, students will not expect higher value for the money invested for a product advertised on Internet.

In order to understand the results of the study better, it is useful to underline limitations of the study. Limitations of the study most certainly includes sample size and sample convenience. Future research should include thorough and rigorous approach to sampling.

Highly educated sample has relatively complex schema for advertising, comprising perceptions of advertising at different levels of specificity (Schlosser, 1999, 51). When the examinees are asked about their integral attitude toward internet marketing communication their responses can be influenced by other questions regarding trust in internet marketing communication.

Further, results of this study are to be used as an input for a future broader and comprehensive study on the subject.

VI. CONCLUSIONS AND FINAL REMARKS

Researches in this subject is diverse and fragmented (Hussein, 2009, 30), attempting to analyze impact of Internet on different aspects of marketing practice. It is extensively researched what type of operations marketers can develop in the virtual world, and how to compare it with research and modelling of traditional marketing operations. Internet can be used to enable development of the company strategy in the fields of innovation, production, management and marketing.

Use of Internet is becoming more widespread and Internet itself is gaining complexity in time. Therefore, marketers are not only facing environment that changes rapidly in recent years, but profiling and modeling consumer online behavior are far more complex. Consumer profile is certainly changed. Since Internet is in post – adoption era, it is not limited only to small number of professionals and tech early adopters. On the contrary, profile of users includes all types of socioeconomic classes, different technical experiences and age groups. Research and work is challenging and demanding in such a complex environment.
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