

THE COMMUNICATION MANAGEMENT ON THE SECTOR OF ON-LINE COMMERCE. CASE STUDY IN THE FOOD INDUSTRY ON-LINE TRADE.

CLAUDIA ELENA PAICU

LECTURER PH.D.

ACADEMY OF ECONOMIC STUDIES, BUCHAREST, ROMANIA

e-mail: claudiapaicu@yahoo.com

Abstract

Modern business philosophy builds the necessary framework of the manifestation, more and more powerful, of the instruments of image and identity related to organizations. It is about the implementation and development of their communication linker. Aiming to highlight the attributes of online communication, interrelated with the socio-economic dynamics in which the organization operates, our research will be focused on capturing how the online trading performs, at present, proposing as a case study the food industry trade on-line.

Key words: *online commerce, online food trade, online communication, organizational identity, communicational strategy*

JEL Classification: F14, F17, M31

1. Introduction

Online communication is a modern expression of the image of organizations and institutions. It is the result of the need to integrate them into the framework of spatial-temporal changes of the Romania, as time passes, into the evolution of society, in general, and with the modification of consumer needs. "Why an online communication for organizations and institutions?" Out of the need of explaining the politico-economic and psychosocial "adjustments" started with the transformation of society. At the same time, it tries to create a new conceptual framework for understanding the social policies, and subsequently to develop communicative relationships between institutions and consumers.

2. Online commerce – a modern version of online communication

In Romania, the electronic commerce appeared in the year 2000 with the first sites: www.emania.ro, www.rate.ro and www.casadecomenzi.ro site. In 2000, the electronic commerce in Romania was not very developed, the main reasons behind this situation being the low number of computers connected to the Internet but mostly the Romanians distrust in this trade

Since 2003, the e-commerce in Romania began to grow due to increasing number of computers connected to the Internet as well as the government initiatives that have strengthened the confidence of Romanians in this trade. In 2004, e-commerce market in Romania had a share of \$ 5 million.

Online trade in goods between the major world economies will increase three times over the next five years due to the increasing number of customers and international campaigns lead by retailers, according to a study released by PayPal, a unit of eBay. (24 Business Magazine, July 2103) According to the same survey (conducted by Nielsen for PayPal), international trade on the Internet between the US, China, Germany, Britain, Australia and Brazil will increase from 105 billion dollars in 2013 to 307 billion in 2018. (24 Business Magazine, July 2103) The main product categories, in terms of turnover, will be clothing, footwear and clothing accessories.

Regarding our country, according to a study by Mednet Marketing Research, quoted by Adevarul, more than 86% of Romanians living in cities prefer the Internet in their purchases and more than 70% prefer the payment from the wallet instead of the card. Of those who purchase products online, 13.9% tend to shop at least once a month, 30.3% at least once every three months, 20.6% at least once every 6 months and 23.6% buy at a period longer than half a year. In the top of online shopping there are the high value products such as the IT category (44.3%) and electronic products (41.5%), followed by items of clothing (35.4%). (24 Business Magazine, October 2103) According to data presented at a press conference by Iulian Stanciu, general manager at retailer eMag, the European average is 16.8% of the total market share of online sales electro -IT: "Romania is above the more developed countries of Europe to this chapter - countries like Switzerland, where online sales of electro-IT covers 18.4% of the market, and France, 15.8%. Compared to Italy, the difference is even greater, this electro-iT online retail share is 5% or Portugal, with a share of 2.5%." However, when it comes to absolute values, Romania remains a small market in Europe. Compared to the average shopping basket, the local market is the last, being exceeded even by Bulgaria. Thus, from the data presented by Emag, a German spends in the online environment, on the electro-IT products around 630 Euros, an Austrian 508 Euros and a Frenchman 449 Euros. For the last three places in Europe we find Romania, with an annual average basket of 66 Euros, Bulgaria, with an annual average basket of 86 Euros and Hungary with 90 Euros. In terms of online retail, in general, the share of this channel in everything that means trade in Romania is only 2%. Britain, the most developed market in this respect, has a share of online sales of 13%, US 8%, Germany 7%, and France 5%. (Ungureanu, 2013)

Nowadays online trading begins to attract higher increasingly independent retailers. This is because they are beginning to glimpse the business opportunities that may arise as a result of the public orientation towards the online purchasing behavior. The lack of free time, easy access to information, inexpensively transport, these are just some of

the reasons why consumers start becoming more and more interested in internet in order to satisfy their needs. On the other hand, retailers can view online trading as an alternative to increasing competition from consecrated food retail.

3. Online trade in food industry

Romanian retailers are at the beginning on the online sector of food trade. We cannot claim that currently there is a project on online food trade covering the whole country. The first concerns in this area were those of some major players on the food sector, but not only.

Thus, the first "real" online platform food retail was launched only in 2013 by Carrefour. After six months of operation has reached the maximum delivery capacity. The online service is available for Bucharest and the surrounding settlements, with home delivery, and the payment by credit card only. (Euromonitor Research Report, cited by Mediafax 2014) It should be noted that the French retailer Carrefour, which ranks second worldwide in terms of sales in the home market, has developed three online trading platforms: Carrefour.fr, Ooshop.com and Carrefour Drive, and a smartphone application through which customers can shop directly. Carrefour.fr, the main portal, sells about 15,000 items in categories such as wines, toys, appliances, TV and photo, phone, home products, lingerie and jewelry. According to the information available on the company's website, about 5.5 million customers visit the portal per month. The site includes links that send directly to the two other online trading platform Company: Ooshop.com and Carrefour Drive. Ooshop.com is the platform that has been used as a model for the platform in Romania. The offer on this platform consists of about 8,000 products grouped into categories such as fruits and vegetables, dairy, meat processing, grocery, frozen food products for breakfast, drinks, organic products, care products, household items and animals' items. The minimum order amount is set at 60 Euros and delivery fee ranges from free to 11 Euros, depending on the size of the order. It is noted the application of communication strategies to promote sales, such as cuts products and promotions directly like "the minimum order of 120 Euros, delivery is free." Carrefour Drive Platform involves purchasing products online, at the same prices as in stores, that are later raised by the client from an existing collection point at some hypermarket or supermarket. The platform offers 7,000 products grouped into 14 categories and there is no minimum order limit. (Ionescu, 2013)

Shortly thereafter, in late 2013, Cora hypermarket network launched its first Drive concept on the local market. Customers can buy products online and later raise them in stores. For 2014, Cora has as its object the start of home delivery. (Euromonitor Research Report, cited by Mediafax 2014) On the French market, the Franco-Belgian origin retailer was among the first ones to approach the food commerce online. Houra.fr platform was launched in 2000 and now includes the widest range of flavors: 50,000 food and non food, grouped in 26 categories. Minimum order is between 60 and 70 Euros, depending on the delivery areas (capital or province) and delivery fee starts at 9.9 euro, depending on the amount and frequency of orders. As communicational strategy, there are used promotional offers such as "free shipping first, shopping in the amount of 150 euro". In 2010, Cora decided to enter also the drive in segment, by launching Coradriver.fr, platform that is, as previously presented, currently on the Romanian market. Cora Drive command operates on the principle of shop lifting, with no separate logistics or stocks. Cora officials stated that in 2012 the share of sales through this system reached 3% of the turnover of a Cora hypermarket and in order to become profitable, the activity resulting from drive-in operations would be sufficient to achieve a 4% percent. At the end of 2012, over 70% of Cora hypermarkets have their own drive-in. (Ionescu, 2013)

At the end of last year Mega Image, the largest supermarket chains in Romania, announced that will launch home delivery service in the first quarter of this year; the most recent announcement was made by Selgros, which entered into trade online through a partnership with online services platform supply megamarket.ro. (Euromonitor Research Report, cited by Mediafax 2014) Last but not least, eMAG, the largest online shopping platform in Romania, began the commercialization of consumer goods. (Tănase, 2013) Looked closely, these actions can be clear premises to claim that a significant share of food sales will be covered in the near future by online commerce.

There are some weaknesses in the food trade on-line that cannot be ignored and that might cause, in the immediate future, some effects on the online trading, such as the fact that this sector does not have a spectacular evolution. First, food sector is working with perishable goods. Consumers are looking for contact with the fresh foods, they cannot be sure that the products received will have the quality posted on the web. According to Euromonitor estimates, the online food trade is at the beginning in Romania and this situation will not change significantly in 2013-2017. Online sales by food retailers will grow slowly during this period, given that the majority of Romanian consumers generally prefer to buy food from traditional stores. (Euromonitor Research Report, cited by Mediafax 2014)

Another minus is the fact that food retailers who are at the beginning cannot enjoy a successful brand, a clear and recognizable identity by consumers. Building an organizational identity, of success, is achieved in time, having as main coordinated the product quality and the consumer confidence, in conjunction with a strong communication strategy that promotes the online platform. In this context, the lack of a strong, successful identity, well known and recognized, can affect the traffic of the commerce site. So, costs may increase, because, in the first instance, is required the investment in building the online platform, after, the investment that is needed to build and promote the identity and thus the site. Also, it needs to pay attention to logistics; to have a profitable online business, logistics and delivery services should not be outsourced.

Just the advantage of reducing costs is a reason for the online trading to begin to be present among the options' traders. In terms of presence in the virtual space, the main advantage of an online store is that it allows a reduction in operational costs by 80%, by removing the personnel that ensures the customer relationship in a normal

shop, the countless phone calls, as well as simplifying bureaucratic side, these functions being performed by the computer for a virtual store.

4. Conclusions

Globally, the electronic commerce will grow by 20% this year, to 1,500 billion, mainly due to emerging economies and China will surpass the US since 2016, making it the largest market. Among the reasons for an increase in e-commerce this year, we mention mainly the rapidly expanding base of users of online and mobile services in emerging markets, the expansion of trade of mobile devices, improved alternatives for delivery and payment and the expansion of strong brands to international markets (Report of Research firm eMarketer, cited by Mediafax, 2014).

In this context, the concerns of our country in this area are justified. If we refer to the figures recorded in the segment of online only for the eight days of conducting promotional campaigns occasioned by the Black Friday, we can claim that the Romanian public began to be increasingly more attracted to online trading. Thus, on average, at national level, each Romanian spent 53.15 euro, equivalent of 236.51 lei, at BNR exchange rate of 16 December 2013 for online shopping during Black Friday campaigns conducted in 2013 (Analysis conducted the ContentSpeed, cited by evz.ro, 2014)

The highest average amounts were spent by Romanians in Bucharest-Ilfov region, Southeast and South. The lowest average order value in Romania, 43.5 Euros, was recorded in North-East, consisting of Bacau, Botosani, Iasi, Neamt, Suceava and Vaslui, while the highest value of the average order was Bucharest-Ilfov region, an area where customers paid an average of 71.2 Euros for online shopping. After Bucharest-Ilfov region, second place on the largest average order values ranged South-East, which includes Constanta, Galati, Tulcea and Vrancea, area where average order reached the threshold of 59.23 Euros, outpacing the national average by more than 6 Euros. In third place among the largest national order lies South Development Region, which encompasses Arges, Prahova, Dambovită, Teleorman, Giurgiu, Ialomită and Calarasi, area where buyers paid on average of 56 Euros for online shopping. (Tapalagă, 2014).

In fact, the general trend is ascending; thus, the penetration rate of e-commerce is estimated at 20.6% in 2013 compared to 16.4% in 2010. It is estimated at 1.7 billion lei (386 million Euros) this year, with 11.8% higher than in 2013. The largest share of online commerce is owned by electronics and video games, with sales estimated at 484.2 million lei this year, up 12.6%, followed by furniture, home furnishings and accessories, with sales of 212 million lei, 15% higher, followed by media products, with sales of 202 million lei, up by 22.9%, and clothing and shoes, with online sales of 179.1 million lei, 10% higher than in 2013 (Euromonitor Research Report, cited by Mediafax 2014). Overall, the online trade in Romania will increase at a constant rate of 10% in 2013-2017. Regarding online sales of food and drink, they could increase by 13% in 2014 to 27 million lei (6 million Euros), representing 1.5% of total online trade, conducted with payment by credit card, according to Euromonitor data. (Petcană, 2014)

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