

THE ROLE OF WEB COMMUNICATION TO ENHANCE THE VALUE OF RETAIL TRADE IN SMALL CITIES

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Abstract

The goal of this study is to analyze the ways in which websites are used in retail and the effectiveness of these methods. The study analyzed the websites of 200 different retail companies in the Italian province of Pesaro and Urbino. The following questions were asked: how do businesses use electronic communication to add value to their products, how effective is this communication, and what are the strengths and weaknesses of this type of communication. The analysis of these websites is based on a model that identifies specific variables relating to websites, which can influence communication efficacy at any phase of purchasing and consumption process. The results of the analysis were then compared with national figures regarding the use of the Internet by retail businesses, published by ISTAT (2009-2012).

Keywords: web communication, retail trade, small firms, website analysis, web marketing.

1. Objectives and conceptual basis

Firstly, the study looks at the ever-increasing tendency of companies to sell and advertise their products on the Internet (Jiang et Al., 2013; Yang et Al., 2013; Kim, 2011; Perez-Hernandez, Sanchez-Mangas, 2011; Chandrashekar et Al., 2010; Cheema, Papatla, 2010; Finotto, Micelli, 2010; Sun, Li, Hayya, 2010; Prince, Simon, 2009; Vescovi 2009; Nelli 2004; Fabris 2003). Specifically, it deals with a trend that is slow and “fragmented” (Fabris, 2003), one that is not always accepted or valued, but which is nonetheless continuing, albeit bound by the specific cultural substrata that characterize the various parts of Italy.

In general, it appears to be clear that the creation and spread of business websites (Hernandez et Al., 2009) is characterized by a number of key factors:

- An increase in the number of Internet connections (a number determined by the spread of broadband and by the related fees);
- An entrepreneurial culture and the motivation to manage business communications and other activities through websites;
- Connection and navigation systems;
- The spread of devices, also other than the PC, for e-commerce;
- Logistics and delivery systems;

- Payment systems, that should bring speed, flexibility and security;
- The ability of businesses to stimulate online purchasing, perhaps for particular types of goods/services or for certain targets.

With regard to the latter, large department stores seem to be playing a decisive role. In Great Britain, for example, Tesco has an annual revenue of 500 million pounds and is the world leader in online sales of foodstuffs.

Secondly, a series of economic changes have drastically changed the way in which companies produce goods and interact with clients, and they have also changed the way in which companies communicate, allowing them to increasingly differentiate their products. From this perspective, websites could play an important role by redefining the way in which companies interact with the market and their websites could increase a company's ability to provide customers with added value (Cebi, 2013; Toufaily et Al., 2013; Lee, Kozar, 2012; Bai et Al., 2008; Cioppi, Ferrero, Savelli, 2007; Pellegrini 2007; Cioppi, 2006; Pencarelli, 2006;).

This work is divided into two parts. The first part examines the role of the web in communications and sales and describes the methodology followed in the empirical analysis that was conducted on the websites of 200 retail companies in the province of Pesaro-Urbino. The second part presents the results of the analysis, showing the strengths and weaknesses of the aforementioned sites, and proposes a number of potential actions to use the web to its full potential.

2. Businesses and the web: specificity and changing variables

The relationship between companies and the web is characterized, on the one hand, by a number of factors specific to the retail trade, which are easily attributable to the general characteristics of SMEs. On the other, this relationship is also characterized by companies' target markets and information technology. □□The specific nature of commercial enterprises should be researched in the same way that SMEs are researched (Charoenrat et Al., 2013; Hulbert et Al., 2013; Kostka et Al., 2013; Chang, Hughes, 2012; Caruana, et Al., 2011; Cragg et Al., 2011; Roza et Al., 2011; Franco, Haase, 2010; Ghiringhelli, 2010; Mariniello, 2009; Cozzi e Ferrero, 2004):

- The *expectations and attitudes of the entrepreneur*, since the willingness to to adopt web solutions is also confronted daily with the will, the perception, the culture, and very nature of an entrepreneur who makes all the decisions concerning the management of his business;
- The *availability of financial resources*, which is often a problem; when scarce, entrepreneurs tend to be cautious and selective;
- The *structural characteristics*, marked, on the one hand, by flexibility and an elevated level of structural adaptability, and, on the other hand, by poorly defined roles and confusion as to who should perform certain tasks;
- The *nature of the decision-making process* that is generally based on a short-term perspective and on poorly defined procedures;
- The *link with the social context* that influences the rate at which information technology is disseminated by making its diffusion dependent on word of mouth and hearsay.

In addition to these challenges that are typical of commercial businesses, there are also changes that are affecting both web applications that support corporate communications and sales and the contexts in which these businesses operate.

There are numerous *web applications* that have been developed in recent years for a variety of business contexts (Hanafizadah et Al., 2013; Dossena, 2012; Munteanu, 2011; Boscaro et al., 2010; Molina-Morales, Martinez-Fernandez, 2010; Ordanini, Rubera, 2010; Quiros Romero, Rodriguez, 2010; Cioppi 2006;):

- Increasingly higher performing websites , that integrate advanced systems for updates and managing content, that enhance communication with social networks (primarily Facebook), and technological platforms that improve both the delivery of services and the management of relationships among the various players in the supply chain (e.g. extranet and intranet), which enhance not only internal and external communication, but also administrative and management procedures within a business (Molina-Morales, Martinez-Fernandez, 2010);
- Email and chat applications that have expanded the forms of interaction with all company stakeholders, making communication quicker and more valuable. In particular, instant messaging not only creates a bidirectional relationship between a business and its target audiences, but it also establishes a personalized link between the company and consumers (Dossena, 2012);
- E-commerce, which is an important alternative to traditional methods of selling and delivering goods and services, thanks to the convenience and cheapness of the digital universe (Munteanu A., 2011; Boscaro et al., 2010; Ordanini, Rubera, 2010, Quiros Romero, Rodriguez, 2010);
- Internet banking systems that allow for real-time control of finance, payments, investments, and other transactions (Hanafizadah et Al., 2013);

In other words, the Internet has profoundly changed traditional methods of production, sales and consumption, revolutionizing the way in which even the most traditional goods are produced and positioned in the market (Pencarelli 2006).

These new contexts are distinguished by a progressive differentiation of consumer choices characterized by their marked individuality. As consumers, individuals no longer wish to select random products that prevent them from differentiating themselves from other consumers. Instead, people are searching for products that reflect their own lifestyle and personality (Cozzi and Ferrero, 2004), gradually evolving from a condition of passive user of goods and services into co-creators of a company's product range (Wayne et al., 2010; Prahalad et al., 2004). The new mix, fueled by the subjectivity of consumer choices, together with the extraordinary progress of the Internet, constitutes a true revolution in the way in which we understand business offers on the market. In the past, the desires of the consumer concerning what they could have offered beyond the limits of standardized production were misunderstood or not sought out, to the point that their very existence was ignored (Pine, Gilmore, 2000). Alongside the expansion of the product line, the response to the greater need for individualization was to create semi-finished products that consumers could complete according to their desires. The invention of the *prosumer* (*producer + consumer*) seems to be the eloquent paradigm of the role of consumers in the search for increased personalization (Pellegrini, 2007; Kotler, Pfoertsch, Michi, 2006; Barile, Codeluppi, 2004). In summary, what is taking shape here is a new consumer, called consum-actor, who is autonomous, competent, demanding, selective, disenchanting, responsible, and reflexive (Carù et al., 2011; Cova et al., 2009; Musso, 2005; Prahalad et al., 2004). The most likely outcome will be the tailored offering, opening the way to unprecedented levels of individual customization. To make sure that all this happens, a company must, out of necessity, resort to

technology and the latest tools offered by information technology (Fuchs et al., 2010; Fuller et al., 2009).

3. The diffusion and use of the web by Italian commercial enterprises.

This paragraph will attempt to outline the situation of companies in Italy in relation to the diffusion and use of the Internet. The analysis was supplemented with the results of ISTAT surveys, published every December, on the use of information technology and the nature of communication by businesses active in the industry and services sectors, from which the data concerning commercial enterprises were extrapolated. The information under consideration refers to the past 5 years of ISTAT surveys (2008-2012), allowing us to observe the gradual changes in the way Italian companies use the web.

One interesting finding concerns the adoption/acceptance of computers, a phenomenon that without doubt is already widespread. In 2009, 98.19% of companies claimed to use computers; in 2011, said percentage increased even further to 99.04%, but then decreased slightly at the end of 2012 to 97.9%. This shows that at present there are very few businesses (2.1%) that do not have a computer. As for the use of the various technologies, the survey reveals that the use of LAN is widespread (77.89%), while more complex technologies are less common; these include: Intranet (27.78%), Extranet (21.04%), Wireless LAN (29.12%), free and open source operating systems (14.64%) and ERP systems that integrate information about sales and purchases (13.10%). However, the end of 2010 saw a significant increase in the presence of all the different technologies, ranging from LAN that was utilized by 83.62% of businesses to the Intranet (28.41%) and from the Extranet (24.58%) to Wireless LAN (32.8%) and open source operating systems (16.88%).

The use of ERP systems has increased to an even greater extent, so much so that by the end of 2012 they were used by 26.9% of Italian businesses. In other words, compared to the percentage in 2009 (13.10%), the number of companies that have adopted these systems doubled in just 4 years.

As for the use of the web, at the end of 2009, 95.89% of companies claimed to have an Internet connection, and in the following two years, the percentage increased further, from 96.01% in 2010 to 97.54% by the end of 2011.

As for the types of connections, despite the prevalence of fast broadband and DSL connections (82.25%), in January 2009, 3 out of 10 businesses (30.80%) still had a relatively slow internet connection (modem or ISDN). Wireless connections, on the other hand, were used by only 21% of companies at the end of 2009.

However, ISTAT statistics for following years show a radical change.

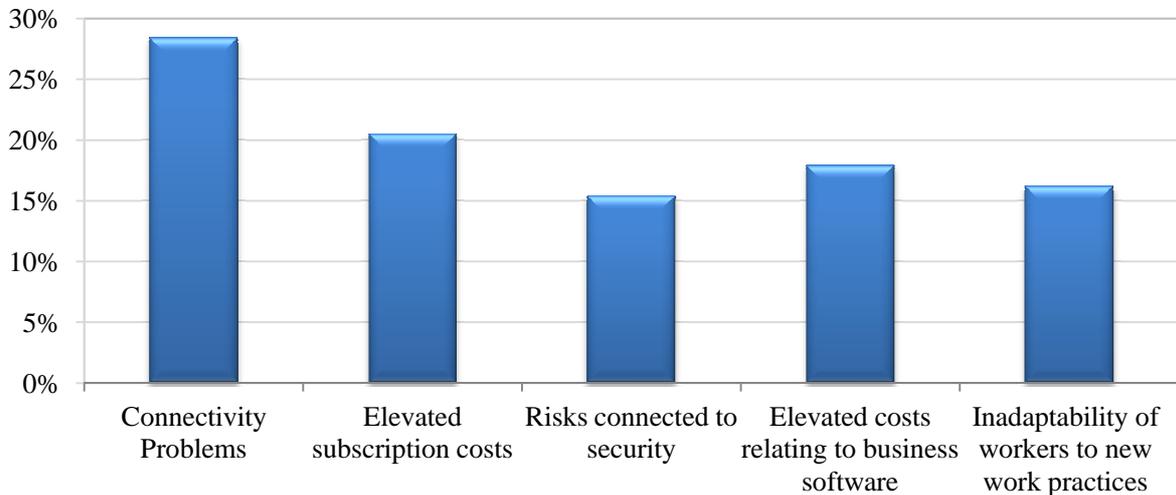
Specifically, despite a 10% reduction in the use of traditional Internet connections such as the analog modem, which in 2012 accounted for 20.30% of Italian companies, at the same time, from 2009 to 2012, there was also an increase in the number of companies that chose to use fast internet connections like DSL (90.80%) and wireless connections (51.7%).

Regardless of these increases, in 2012, there were still many companies (about 52%), which identified obstacles (relating to either the business itself or staff) to expanding the use of wireless Internet connections.

Specifically, 28.4% of companies mentioned having problems connecting to mobile telephone networks, 20.5% considered that the cost of Internet subscriptions was too high, while 15.4% had concerns about the security of their connections (disclosure, destruction or damage to data). In addition to these concerns of an external nature, other companies also face obstacles of a primarily internal nature, such as the elevated costs of adapting a company's existing software to wireless connections (for instance, potential compatibility problems), a technical obstacle that was identified by 17.9% of businesses. Another is the scarce

adaptability of staff to learn new work methods or the possible lack of human resources with the required skills and expertise (16.2%).

Fig.1 – Main obstacles to the use and spread of wireless connections



Source: extrapolation of 2012 ISTAT surveys

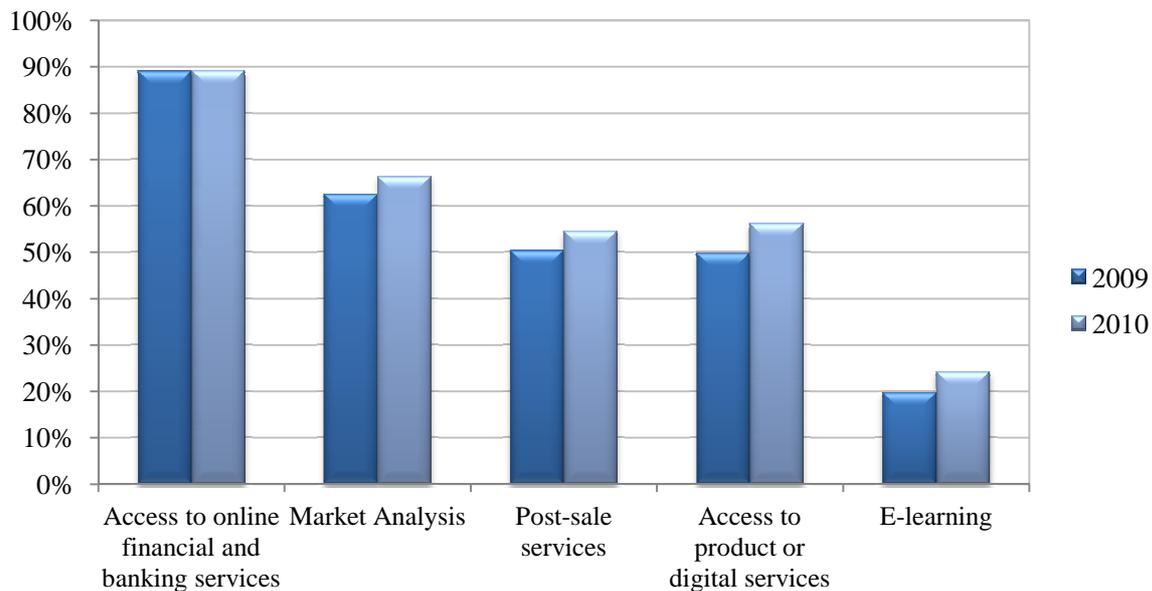
According to the 2009 ISTAT surveys, businesses used the Internet for different purposes. 89.09% of businesses used the web to manage online banking and financial services, 62.59% to find information about markets, 50.40% for post-sales services, 49.87% to obtain services and information in a digital format (taxes, administration, after-sales services, etc.) and, lastly, 19.78% to offer online education and training courses to their employees.

At the end of the following year (2010), two important variations were registered. In particular, there was an increased number of companies that decided to use the web to receive services and products in digital format (56.21%, equal to a 6.34% increase), that used the Internet to offer eLearning options for their employees (24.23%, i.e., a 4.45% increase over 2009), and that chose to use the Internet to provide after-sales services (4.16%). Lastly, there was a 3.75% increase in the number of companies that view the Internet as an ally in the research of data relating to their market or to markets that they plan on entering.

Almost all businesses use the Internet in their day-to-day management, but only about 6 out of 10 have a website that is working and regularly updated. More specifically, while at the end of 2009 59.09% of businesses had their own website, by the end of 2012 the number of companies that recognized the importance of having a regularly updated website reached 64% (a 4.91% increase in 3 years). Among those companies that had a website in 2009, the services that were most offered regarded: providing customers with access to a product catalogue and price-lists (40.23%) and allowing customers to make online reservations (15.82%).

There was also evidence that more complex services were not common: personalization of website material for returning visitors (3.17%) and the possibility for customers to customize their purchase (3.98%). These deficiencies are due to the fact that a strong awareness of the Internet's full potential has not developed yet and that many companies limit themselves to producing "showcase" websites, where they present their company and the services they offer. By comparing these percentages to the statistics published in the 2010-2012 ISTAT surveys, it is possible to see that there are some changes being made in the selection of the services that companies intend to offer on their websites.

Fig. 2 – Purpose of Internet use

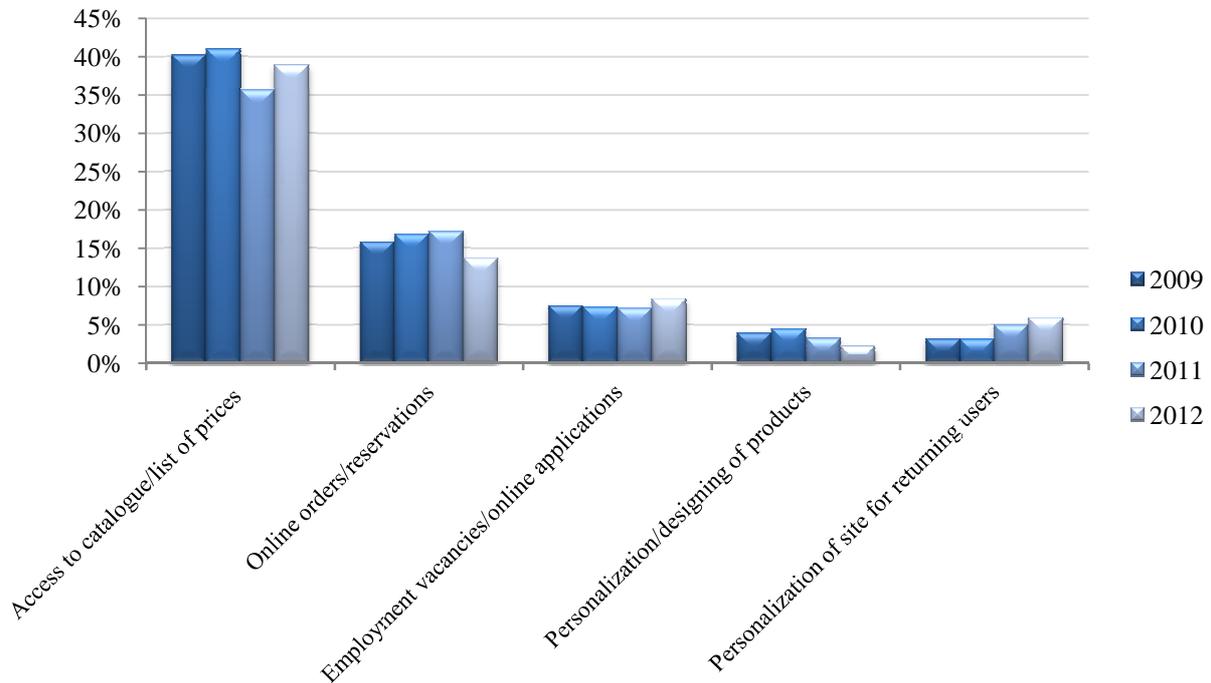


Source: extrapolation of 2009-2010 ISTAT surveys

Specifically, although there was a slight decrease (1.33%) in the percentage of companies that offered, within their websites, the possibility to access catalogues with their products and prices, there was an even more significant decrease in the percentage of companies that allowed their clients to order products and make reservations online (from 15.82% in 2009 to 13.70 in 2012). At the same time, there was also an increase in the percentage of companies that personalized their websites for returning visitors (3.19% at the end of 2009 compared to 5.90% in December 2012). By observing the data concerning specifically the 2011-2012 period, in addition to the services already analyzed, there are another three functions that businesses offer their users: a section that informs visitors about their privacy and the security of the website (in 2011, 31.70%, as opposed to 33.50% at the end of 2012); online payment options (6.36% in 2011 compared to 7.10% in 2012); and online order tracking, a possibility that was offered by about 8% of companies during 2011-2012.

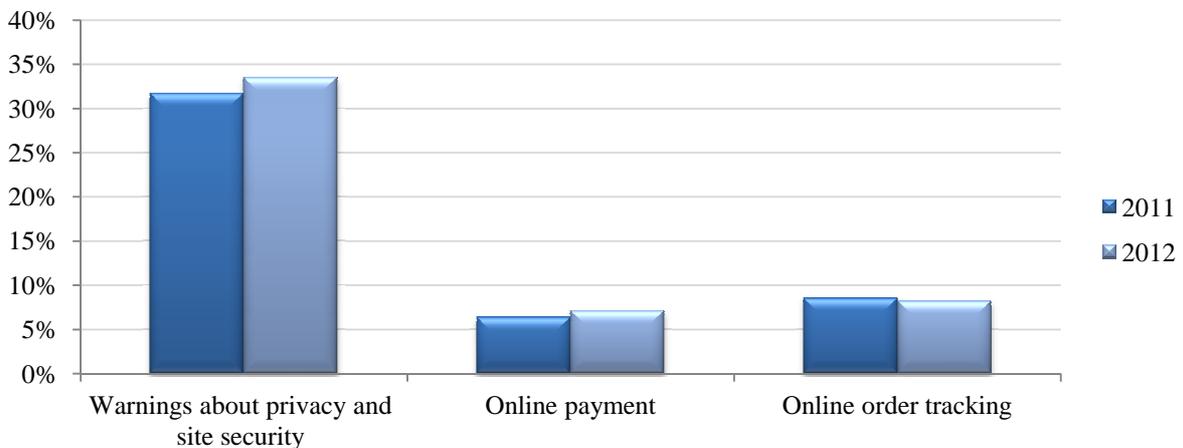
With regard to the integration of information systems among business partners, while at the end of 2009, 29% of businesses were regularly exchanging information about the management of the supply chain with their business partners through electronic channels, that percentage increased slightly in the following years, from 30.49% in 2010, to 31.70% in 2012. Specifically, during 2011, 54.34% of companies exchanged information via electronic communications with the principal objective of transmitting and receiving information about products, while the transmission and the receipt of transportation documents represents the main reason that drives 45.25% of companies to start the automated exchange of information with business partners, customers and suppliers. Regarding the use of CRM applications (Customer Relationship Management), in 2009, 27.81% of companies decided to adopt these solutions to manage the collection, sharing, and analysis of information obtained about clientele.

Fig. 3 – Services offered on websites (2009-2012)



Source: extrapolation of the 2009-2012 ISTAT surveys

Fig. 4 – Extra services offered on websites (2011-2012)



Source: extrapolation of the 2011-2012 ISTAT surveys

The end of 2010 saw a modest increase in the percentage of companies (2.39% more than in 2009) that decided to use such software. More specifically, there are two distinct types of CRM: Operational CRM, which involves a direct relationship with the customer (used by 20.30% of businesses in 2009 and 27.23% in 2010), and analytical CRM, which is made up of procedures and instruments to better understand the customer by extracting data from the operational CRM about customer behavior (used in 2009 by 24.17% of businesses and by 22.06% at the end of 2010).

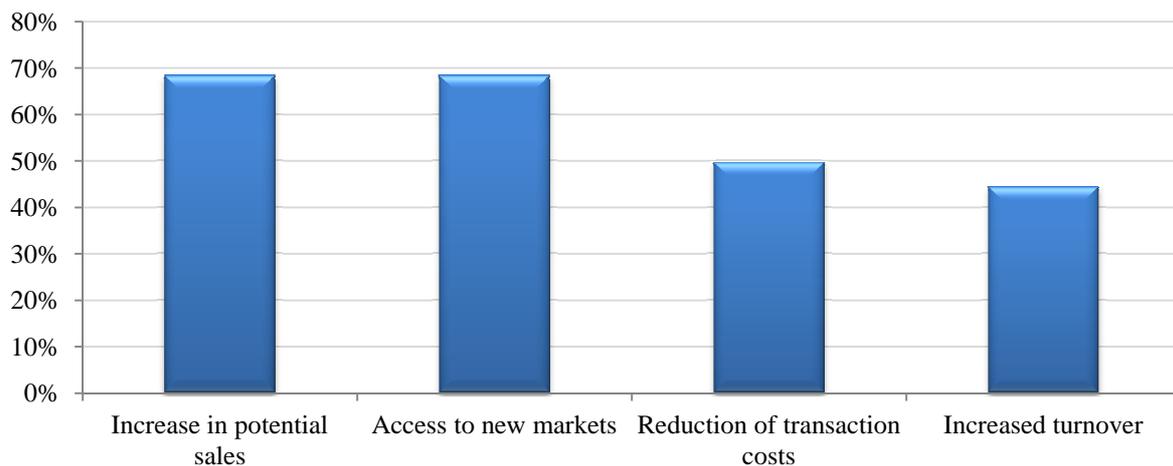
At the end of 2012, 29.9% of Italian businesses used CRM applications for the purpose of collecting, archiving and sharing, while on the other hand, 23.8% decided to opt for CRM solutions for marketing purposes.

As for online sales, the data registered a drastic drop. In 2008, only 7.26% of companies used the Internet to make sales and those companies did so only to a minimal extent: only 7.31% sold more than 50% of their sales online, 19.29% more than 10%, and 75.10% sold less than 5% of total sales online.

By comparing the 2008 percentages with those published by ISTAT in the following two years (2009-2010), one of the first things that emerges is the fall in the percentage of companies that consider the Internet as a possible means of making sales, a percentage that varies from 7.26% at the end of 2008 to 6.33% in 2009 and 6.94% in 2010. In the course of 2011, however, there is once again an increase in the percentage of companies that used the Internet and/or other computer networks to allow their customers to make purchases directly online (8.7%), slightly increasing compared to the percentage registered at the end of 2008.

Of the companies that sell online, 37.98% accept online payment for sales made through the website, while 76.81% only accept offline payments. 68.35% of businesses that made online sales in the course of 2008 reported that the increased potential to sell their product and access to new markets were among the major benefits of electronic commerce. Additionally, there is the reduction of transaction costs (49.65%) and the increase of sales (44.35%).

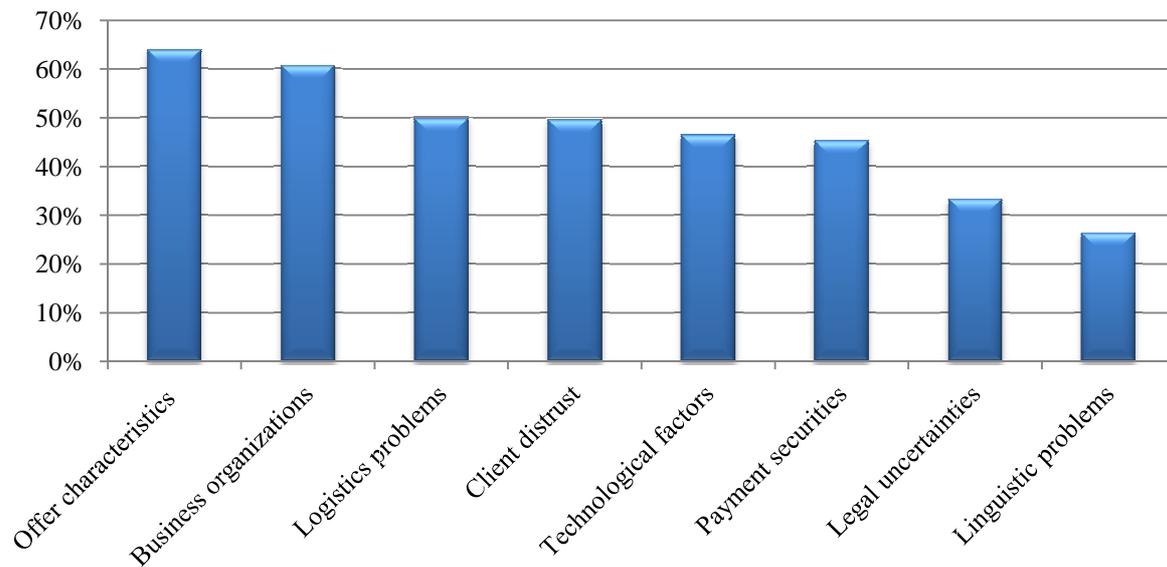
Fig. 5 – Benefits of electronic commerce



Source: ISTAT research 2009

The businesses that did not develop systems of online sale in the course of 2008 signaled that the primary obstacles to the spread of electronic commerce were the inability to adapt the product or service offered (63.97%) and the necessity to reorganize the business processes (60.79%). Other main obstacles include: refusal of customers refuse to make online purchases (49.63%), security concerns (connected to the payments or transactions, 45.31%), problems connected to logistics (49.86%), uncertainties concerning legal issues (33.31%), technological problems (46.5%), and language problems relating to international e-commerce (26.41%).

Fig. 6 – Main obstacles to e-commerce



Source: ISTAT research, 2008

Looking at the geographic destination of online sales, in 2008, 97.21% of the sales volume was exchanged in Italy, 2.36% in Europe and only 0.43% in the rest of the world, while in the following years the situation remained essentially unchanged with Italy in first place, trailed (a long way off) by Europe and the rest of the world.

These data are primarily due to the limited size of the majority of Italian businesses and show just how small these companies are and that their markets are still very local and scarcely internationalized.

In conclusion, according to the 2012 ISTAT surveys on the presence of ICT specialists within Italian businesses, while 12.3% currently recognized the importance of hiring specialized employers within their organization, 25.6% still chose avail themselves of external specialists. At the same time, only 11% of companies in 2012 decided to invest in organizational training through organized courses to develop and update the ICT skills of their employees.

4. The analysis of the websites of companies in the province of Pesaro and Urbino: research methodology and primary results

This paragraph summarizes the results of a study that was conducted to understand the role of the Internet in communications and sales of companies in the province of Pesaro-Urbino.

The province of Pesaro and Urbino was chosen as it allowed the identification of a sufficiently homogeneous sample of companies in terms of the commodity sector of the businesses analyzed (Tab. 1).

This uniformity makes it possible to mitigate any disturbance variables that could affect the study: these include firstly peculiar elements not found in other sectors and therefore not generalizable; secondly, exogenous factors (such as the economic crisis and factors concerning the economic context) that would act differently in different market sectors.

The quantitative research is based on a random sample of 200 companies engaged in retail trade identified through the paginegialle.it website.

The data relating to the use and development of a company website, were collected between July and August of 2012.

The purpose of the analysis is to describe the specific situation of the province, and then compare it, where possible, with the situation at national level.

Table 1 outlines the various sectors that were taken into consideration, dividing the companies by size in terms of number of employees.

Tab. 1 – Division of retail sectors

Sector	Total	<10 Employees	>10 Employees	>50 Employees
Clothing	15	11	4	0
Realty	12	6	5	1
Travel agencies	7	6	0	1
Agritourism	8	8	0	0
Hospitality	10	8	2	0
Furnishing	10	8	2	0
Hardware	5	5	0	0
Floristry	5	5	0	0
Jewelry	7	7	0	0
Construction	7	0	6	1
Funeral services	6	2	4	0
Optics	6	6	0	0
Fitness	6	6	0	0
Hairdresser	5	4	1	0
Pizza	9	6	3	0
Perfumery	4	4	0	0
Restaurants	12	8	4	0
Doors and Windows	12	7	5	0
Sports shops	8	8	0	0
Curtains	9	7	2	0
Relocation	3	1	2	0
Painting	4	2	2	0
Vehicles	5	3	2	0
Repair shops	6	6	0	0
Pets	5	3	1	1
Footware	5	3	2	0
Tools	4	3	1	0
Stationery	5	4	1	0
Total	200	147	49	4

Source: our research

Subsequently, we analyzed through which elements of communication within a website, and to what degree the web influences individual phases within the usual process of purchase and consumption, measuring the existence of any gap between the potential and actual use of the web for marketing purposes. The method used for the analysis of the websites¹ (Cioppi, 2006; Pencarelli, Cioppi, 2008) takes into consideration the different roles of the Internet in marketing communication depending on the specific phase of the overall purchase and consumption process (Grönroos, 2000, pp. 284-285)²:

¹ To view similar methodologies, see Loiacono et Al., 2007; Park, Gretzel, 2007; Yen et Al., 2007; Schmidt et Al., 2008; Hernandez et Al., 2009; Chiou et Al., 2010; Sigala, 2011; Belanche et Al., 2012; Cebi, 2013; Dickinger, Stangl, 2013.

² According to Grönroos (2000) the process of purchase and consumption can be divided into three parts: pre-purchase, purchase, consumption)

- *Pre-purchase*, during this phase the objective of marketing communication is to create interest for the company and its offerings because the customer does not know the details about its products and services;
- *Purchase*, the objective of the communication is to formulate promises about the product that the customer can accept as a solution to his problems;
- *After-sale*, communication concentrates on the creation of a stable and lasting relationship with the customer, with the goal of taking care of problems in the long run.

From this general framework of the purchasing process, we can further articulate the analysis by identifying 5 phases (research and first contact, negotiation, sales, customer service and after-sales services), that can be matched with the aforementioned 3 phases.

Moving beyond these reflections, we identified specific elements relating to websites, which can affect the communication efficacy of any phase in the purchase and consumption process. These are shown in figure 7. In particular, the choice of the elements was made by industry and academic experts belonging to the corporate world.

Fig. 7–The distinct website elements divided by phase of the purchase and consumption process

Research and first contact:	Negotiation:	Sale:	Customer Service:	Post-sales services:
Language General business info How to achieve it Clients served Contact email Online catalogue Distinctive element Section news Indexing Search engines Internals Multimedia or flash Forum Social network Sponsored links	Language Request form Call center Contact e mail Extranet Intranet	Online payment Online reservation Virtual shopping cart Payment systems Online tracking Included transport costs	Contact email Manuals Personalization Personalized price lists Multimedia presentations	Saving of user profile Newsletter Updates Call center Intranet Extranet Collection of suggestions FAQs

Source: our elaboration

Then we analyzed the websites of 109 companies (54.5% of the sample), assigning each a score (between 0 and 5) for each factor based on how it occurs³.

³ In particular, a score of 0 corresponds to insufficient and 5 to excellent. In the case of binary responses (YES, NO) a score of 0 indicates that that element is not present, 5 that it is present (for example the variable “presence on the website of contact information” receives a score of 0 if there are no emails for the business, the technical office, administrative office...; 5 in the case in which all these contacts are present). Further clarification is required concerning the scoring of several elements:

- The language element was given a 0 if the website was only in Italian, 3 if it provided the possibility of selecting another language and 5 if it provided the possibility of selecting 2 or more languages;
- Indexing was evaluated with a number of keywords and not only the name of the company, so as to provide a more precise result;

We found that the volume of user traffic on the websites appeared to be heterogeneous with respect to the individual steps in the purchase and consumption process. This can be seen in table 2, which shows the following results :

- The maximum possible score attainable by any company by fully taking advantage of the communication potential of its website in every phase of the purchasing and consumption process⁴;
- The average score of the PI group (both in absolute terms and as a percentage of the maximum value);
- The percentage difference between the average score and the maximum possible score.

One can see that the companies considered barely take advantage of the company website in all of the phases in the purchase and consumption process (40% in the phases of research and primary contact, 44% in the phases of negotiation, only 5% in the sales phase and about 20% in the phase of customer service and after-sales).

Tab. 2–Impact of the website on different phases of the purchase and consumption process

Phases in the sales process	Maximum possible score	Average score of the sample in absolute terms	Average score of the sample as a percentage	Percentage gap from the maximum value (100%)
1. research and first contact	75	29.75	40%	60%
2. negotiation	30	13.06	44%	56%
3. sale	25	1.28	5%	95%
4. customer service	25	4.9	20%	80%
5. after-sales services	40	7.71	19%	81%

Source: our results

The company website in this study is best used for pre-purchasing activities and negotiation, although there is still a huge potential that can be exploited (60% and 56% respectively). This demonstrates that retail businesses in the province of Pesaro-Urbino predominately use online communication as an instrument to make themselves known, without doing real electronic commerce. This is clear from the 95% gap in potential and it is above all due to the fact that few companies are open to using electronic commerce (6 out of the 200 companies considered, equivalent to 3%).

Lastly, the potential company-customer relationships that the web could offer, and that could improve both the loyalty and the longevity of this after-sales bond, were largely neglected by companies (there was an 80% gap that was left untapped). This requires local companies to multiply their efforts to acquire new clients and to make up for the turnover generated, among other things, by the ineffectiveness of their Internet relations with customers.

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- The “flash and multimedia” element was not evaluated as a binary element;
 - The presence of social networks was considered only in the case that they were specifically referred to on the website, that is; we did not search for the company through social networks, but we observed whether there were links on the website to their Facebook page, Twitter account, or elsewhere;
 - The extranet variable was taken into consideration when website allowed users to enter into a private section that provided secure access and that required a user ID and a password.

⁴ This value was obtained by multiplying the number of the elements described in each phase by 5, which is the maximum possible score for each factor.

5. The situation in the province of Pesaro-Urbino compared to the national situation

This paragraph illustrates the differences that emerged from the analysis of company websites in the province of Pesaro and Urbino and the Italian situation described in paragraph 3. Not all of the results are comparable and table 3 reports only those data that can be used to compare the national situation with that of Pesaro-Urbino.

Tab. 3 – Differences between national and provincial situation

	National situation (2009 ISTAT research)	Situation in the province of Pesaro and Urbino
Companies with websites	59.09%	58%
Online catalogues	40.23%	30%
Online orders and reservations	15.82%	7.5%
CRM	27.81%	12.5%
Use of the Internet for sales	7.26%	7.5%
Online tracking	6.47%	0.5%
Online acceptance of payments	37.98%	66.67%

Source: our data

Some data show negligible differences, which means that the province is in line with national standards, while others vary significantly, showing just how far behind the use of the Internet by businesses is in this province compared to the national scene. An analysis of the various features reveal the following. The companies that have a website, among those of the two selected samples, have a similar percentage (58% vs. 54.5%), which means that businesses in the province are in line with national standards in terms of presence on the web. Regarding the presence of online catalogues, there is a certain lack of the Pesaro-Urbino company websites, in that only 30% publish their products on their own website, compared to 40% at national level. This reveals a strong presence of “showcase” websites in which companies simply present the history of their organization and provide information about how to contact and reach them, without worrying about presenting their products in an articulated manner on the web.

The same also applies to ordering and reserving products or services online. This possibility is present in 7.5% of the company websites in the provincial sample, while at the national level about 16% of company websites allow users to make online reservations.

When comparing the use of more sophisticated technologies, the difference increases. With regard to CRM or the saving of the user profile, the gap is large (28.81%). Concerning the use of the Internet to make sales, both the national and provincial values are very low (around 7%) and the difference is negligible (1.26%).

The same can be said about the acceptance of online payments, with values that line up closely (38% at national level compared to 40% at provincial level). This last result emphasizes the high quality of several provincial company websites; rather, the few companies that offer this service are trying to make their websites as complete as possible by offering customers the possibility to conclude their purchase entirely on the web.

6. Conclusions and operative implications of the study

The picture that emerges from the study allows for several conclusions.

A first result is a generalized scarce use of the potential offered by the web by companies in the province of Pesaro and Urbino.

This picture, though not excessively different from the national situation, denotes that the use of the web is still limited to the early stages of the purchase process, i.e. those of first contact with the customer and negotiation.

This shows that companies overlook on-line communication as a sales⁵ and relational⁶ tool that can build customer loyalty and long-lasting relationships.⁷ In this way, above all in the most competitive sectors, companies have to multiply their efforts to acquire new customers to make up for the high turnover.⁸

By considering the factors that could explain this situation, the first is that a lack of competence and the almost non-existence of a company culture continue to be the main problems of all the companies. In fact, to date, little has been done to bridge the cultural gap that has kept companies from taking advantage of the web's potential. An improvement to the current situation would require changes to all the factors that influence "investments in knowledge" (technology costs, industrial competitiveness of ICT, public policy for innovation, development of a supportive economic system, specialized human capital, culture of innovation concerning product/process/service). Presently, the creation and management of the website is often entrusted to people with differing expertise, who would need to be effectively managed to fully take advantage of the web.

In this respect, from a management point of view, it would be desirable both to promote several changes within companies and to implement measures that act directly on the root of the problem.

Above all, the learning of business skills needs to be encouraged: not technical skills, but rather managerial and marketing skills, which can make full use of the web's potential not only for operative management, but also for a company's strategy. This would also improve companies' relationships with external experts (Software houses, web agencies, etc.) to allow for the effective development of websites in conjunction with the companies' specific goals. This process could also be fostered by using services and external resources involving institutional entities of the following nature:

- Joint University/Company research projects with that would provide SMEs with support and know-how, allowing them to efficiently improve their managerial and marketing skills and thus bringing them added value.
- Consulting and financial services provided by trade associations and other entities — Confartigianato (labor organization in the crafts sector), CNA (similar to Confartigianato, but particularly for SMEs), local organizations, and banks — that would allow for a better assessment and use of the potential of technology.

⁵ For an analysis of the impact of websites on the sales process see Pencarelli Cioppi (2008).

⁶ Concerning the importance of "relational communications" see Grönroos, (2000); Sheth, Parvatiyar, (2000); Gummesson, (2002); Harker, Egan, (2006); Grönroos, Finne, (2008). Gonzalez (2005, pp. 91-97) asserts that the relation is improved not only by the functional utility of the informational technologies, but also by hedonic factors such as legibility and the perceived visual stimulation of the site.

⁷ Among others, Cova and Jallat (2005) and Belvaux (2006) reiterate the importance of using an integrated and multichannel approach (high-tech and high-touch) to motivate the most effective development of internet sales strategies from both the relational and inter-company perspectives.

⁸ One can also think, for example, of the processes of cross-selling that could be effectively utilized by providing the clientele with information through the routine sending of a newsletter.

- Increased use — in recent years their number is continuing to increase even more rapidly — of the many young university students who have graduated in (or who are currently studying) management, marketing, or business communication by creating internships or short-term contracts with the aim of streamlining and organizing marketing communication. Following this guideline, the company's challenge would also become an academic challenge, further integrating the world of business and that of academia, of marketing education and business communication.

Moreover, there would need to be an improvement of the offerings of third-party companies (Software houses, web agencies, etc.) which should not limit themselves to proposing sophisticated and advanced technological solutions, but which should also offer communication and marketing services that can allow the companies to fully exploit a website's value.

A second result of the analysis is that companies use the Internet very differently. For some companies the website plays a central role in communications: as an institutional instrument of external communication (with clear, updated, complete and detailed information about the company and the company's offerings,), internal communication, relational communication (with customers), and strategic communication (through the constant indexing of search engines that allow for the identification of new targets and the acquiring of new clients) and as a means of sales. These company websites have an intranet, business and administrative information, contacts and descriptions of main customers, contracts, etc. Likewise they have an extranet that is well organized for the management of customer relations: customers, by using a password, can find real-time information about the status of their order and they can email customer service regarding purchases they have made.

On the other hand, there are many more websites that are neither well-maintained nor updated. Even though they present information about the company and its offerings, the sites take a self-referencing approach as opposed to one that is relational and strategic (there is no extranet, indexing of the search engines is not very effective, and the image is not coordinated with other instruments of communication).

This result suggests several changes that more specifically pertain to web marketing:

- Identify effective "keywords" that will make the website easier to find on major search engines, defining the most appropriate "methods of indexing," even if that requires the assistance of third-party companies specialized in this work;
- Create clear and complete content, providing precise and updated information about the company and its offerings, highlighting the elements that distinguish the company and pertain to its positioning, planning brochures, videos and downloadable documents, developing versions of the site in various languages, creating a coordinated image (colors, text, and company logos) with traditional instruments of communication;
- Create systems of electronic commerce allowing customers to complete the entire purchasing process directly online incorporating systems of electronic payment into the website (debit or credit card);
- Highlight, when possible, references (most important customers) and success stories (best practices) to strengthen marketing in the pre-sale and purchasing phases;
- Develop applications (extranet, newsletter, blog, forum) and content (specific contact emails, press releases) to manage the after-sale relationship phase with the client with an eye on the long term.

This study must be considered a work in progress especially in view, first and foremost, of the dynamism and the speed with which technology provides tools potentially applicable to web communication.

The limit of this study consists in the selection of the variables, and the division by size, which are undeniably and inevitably influenced by a certain degree of discretion, although the attribution of the binary scores to the variables analyzed has mitigated this aspect.

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