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DIGITAL MARKETING IN METAL PROCESSING COMPANIES IN PRIJEDOR REGION

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Abstract: *Marketing, as a very important business activity of modern companies, regardless of their size, also suffers a certain level of change caused by the use of new ICTs. So today we have got a completely new form of marketing called digital marketing. The aim of the research was to learn about understanding and deploying digital marketing tools and techniques in the small and medium metal processing companies in Prijedor region. The results have shown a low level of companies' information on marketing as the key business process and use of modern digital marketing for promotion and communication with clients. Although there is a large amount of distrust in online communication and media channels, metal processing companies in Prijedor, although shyly, are trying to get involved in contemporary trends in this domain of modern business.*

Keywords: *Digital marketing, Metal processing industry, e-Marketing, ICT in practice,*

JEL classification: *L18 – Information and Internet Services*Computer Software, M3 - Marketing, M15 – IT management*

INTRODUCTION

In today's accelerated development of information and communication technologies (ICT), it is necessary for a business to adapt to new challenges and to the maximum extent possible accept new technologies aimed at improving the business performance, better positioning on the market, and as the ultimate goal to achieve more favourable financial effects and profits.

Kotler (2000) distinguishes between a **marketplace** and a **marketspace** stating that the marketplace is *physical* (as when one goes shopping in a store), while marketspace is *digital* (as when one goes shopping on the Internet). Therefore, the task of digital marketing is to reach as many potential customers or clients as possible by applying an appropriate communication channel and related media, information about products and businesses.

Chaffey et al. (2009) define Internet marketing as the application of the Internet and other digital technologies (e.g. mobile telephony) together with traditional methods in order to achieve marketing goals. The same authors consider electronic marketing as a somewhat broader concept, which besides Internet marketing encompasses both marketing databases and management of customer relationships in the electronic environment pointing to the growing acceptance of the notion of digital marketing that represents the use of various digital technologies (web, e-mail, databases, mobile telephony, digital television) to support the marketing activities that the company is using in order to attract new and to retain existing consumers.

Strauss and Frost (2016) use the term electronic marketing and define it as the application of information technologies in the process of creating, communicating and delivering value to consumers, and managing customer relationships in order to create benefits for the enterprise and other involved parties.

The basic two issues for the industry to have digital marketing approach, according to Ryan and Jones (2009) are: to have customers online and to have products/services/brands suited for digital marketing. Therefore, the metal processing industry, which is in focus of this paper, is fully complying with these two requirements for deployment of digital marketing and relevant strategies.

The paper came as the result of the analysis performed within the project “*Networking local metallurgy for the application of new technologies and strengthening competitiveness*” in the framework of the joint program of the European Union and the Government of Germany for Local Self-Government and Economic Development, EU ProLocal, aims to more efficiently implement new information and communication technologies and cluster organization of metal processing in the area of Prijedor, implemented by the Agency for economic development of Prijedor (PREDA-PD).

The basis for the survey was the fact that there weren't serious analyses of the use of digital marketing in the enterprises of the metal processing industry in the region of the Prijedor region at all. Therefore, this survey and project constitute a pioneering contribution to determining the factual situation, but also a very important source of information on planning further development of this area on the example of the metal-processing industry. Knowing that Bosnia and Herzegovina as a country is a relatively small market with a modest number of Internet users (69.3% penetration), digital marketing appears as an excellent tool to

improve primarily the visibility of the 24 metal processing companies in Prijedor region and their products thus to increase sale and profit.

BOSNIA AND HERZEGOVINA
BA – 3,792,759 population (2017) – Country Area: 51,129 sq km
Capital city: Sarajevo – population 608,354 (2013)
2,628,846 Internet users in June, 2017, 69,3% penetration, per IWS
1,500,000 Facebook users in June 30/17, 39,5% penetration rate.

Figure 1. Internet and Facebook users in Bosnia and Herzegovina (source:<https://www.internetworldstats.com/europa2.htm#ba>, accessed: 16.3.2018)

The results of this poll can make a significant contribution in many ways:

1. 1. Surveyed enterprises can learn about their advantages and disadvantages depending on the degree of use of digital marketing in practice
2. 2. Decision makers, at the level of the City of Prijedor, but also other stakeholders, can learn about the level of information and the need for further education of entrepreneurs in the field of digital marketing.
3. 3. The results of the PREDA-PD Agency may indicate the further development of project activities, both in the area of the metal industry in the region they cover and in order to promote capacity for participation in international projects.
4. 4. Scientific and educational workers, students and students who are studying this area in more detail, in the area of Prijedor region or wider.

METHODOLOGY

The subject of this research is related to several questions, such as: Do the companies in the metal processing sector in the Prijedor area know and use the digital marketing tools? To what extent marketing in the company is oriented to the use of modern communication channels such as social networks? Do businesses generally intend to use these media and tools to achieve better promotion and better performance in the market?

The selected issues are of particular importance for the given research area because they have not been processed so far and are of particular interest as they can

significantly improve the appearance of companies in the metal-processing sector in the market. Also, the applicability of the results in practice is significant, but it depends exclusively on the training of the management of the company, which could significantly use these tools in everyday work.

The most important **research objectives** were: To determine whether companies have an organized marketing service and an appropriate marketing plan; To determine whether companies use digital marketing tools or just standard tools; To determine if businesses understand and see the benefits of digital marketing; To determine whether companies that do not use digital marketing tools intend to use these tools in the future; To determine whether companies already have or just need to realize their presence on the Internet and in digital media; To determine how much the company is willing and interested in digital marketing, etc.

The objectives of this research have a dual value:

- **Pragmatic value** - because they determine the usefulness of applying ICT in practice, or the application of digital marketing in enterprises, but also
- **Educational and scientific value** - because they contribute to educating users, developing knowledge and acquiring scientific facts and knowledge about digital marketing in the economy.

The foreseen **target group** - 20 companies from the region of Prijedor (out of 24 operating in the metal-processing industry) - were selected and included as the target group. The size of the company varies according to the number of employees, but the vast majority has between 20 and 30 employees. All companies successfully operate in the region of Prijedor and beyond. The **field survey was conducted** among the companies in the period November-December 2017. The survey answered by the senior representatives of the companies, usually top-managers or owners of the companies and thus the results can be considered as highly relevant and accurate.

The relevant **questionnaire** was designed in order to identify the facts and to gain knowledge primarily about the degree of acceptance of the use of digital marketing in enterprises dealing with metalworking activities in the region of Prijedor. A set of questions was created **to determine the actual state of digital marketing in enterprises**. These issues sought to establish the factual situation about the marketing function and its relationship with the use of digital channels of communication with clients. The second set of questions was created with **the**

aim of gaining knowledge about technical and technological assumptions in the company for conducting digital forms of marketing. The questions concerned the application of some of the existing media channels of communication. The third set of questions concerned the **establishment of company information about digital marketing and its importance** for the company. The fourth set of questions has been made so that one can **learn about the future intent of the respondents** (company representatives) about whether and how will they use digital marketing in the future?

RESULTS

The results show that **companies do not think about marketing as a key business process.** This kind of thinking is unfavourable for the further development of the sector because without the proper organization of a marketing process it is not possible to influence consumers and customers to significantly use the products of the metal processing sector. Every single company had a marketing plan, but that marketing plan did not contain a part that relates to digital marketing and strategy for use of digital channels. Also, the fact is that the **marketing process is performed by the management and not by a marketing team.** Without entering into reasons for this, the most probable reasons, as the majority are small private-owned companies, were the lack of trust and lack of funds to engage/employ the marketing team. The survey showed that the companies rarely use specialized marketing companies and agencies when it comes to the realization of marketing tasks. This phenomenon is mainly due to the state of the general lack of funds for such joint ventures, especially for small and medium-sized enterprises that are predominant in the metal processing sector in the area of Prijedor. Survey results confirm this claim showing twice more respondents said they had never used the services of specialized marketing companies and agencies for marketing purposes. The reality of the metal processing sector in the city of Prijedor is that companies do not want to give up money to finance this kind of cooperation, but they decide **to complete marketing tasks themselves and thus achieve savings**, which may sometimes represent a loss rather than savings.

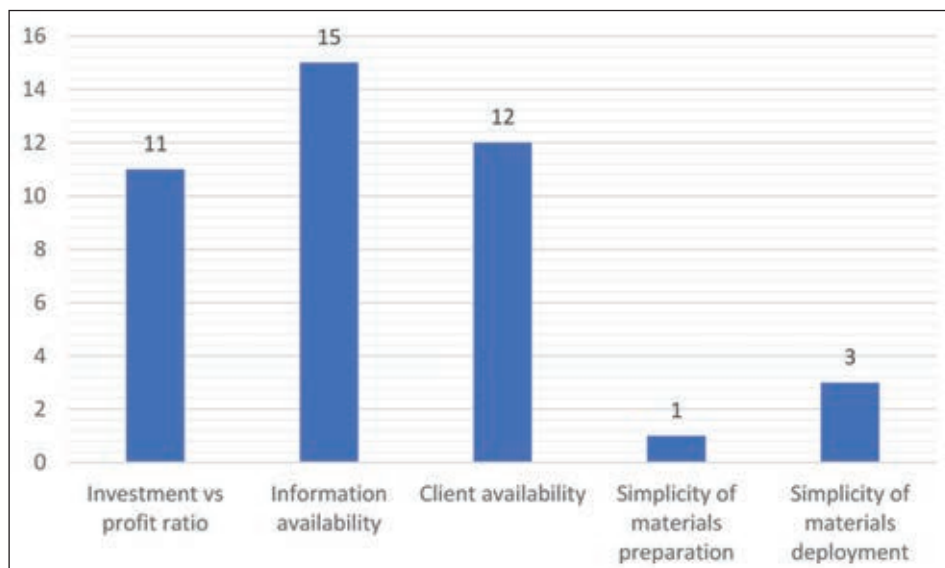


Figure 2: Negative response to astrategic approach to deploy digital marketing (author)

One of the prerequisites for digital marketing is knowing the basics of classical and digital marketing process organization, as well as to identify the website as the starting point for advertising information about the company and its products. It is encouraging that **most of the metalworking companies have web presentations** that represent a valuable step towards integrating digital marketing into business. Even 9 respondents confirmed that they updated the site on a monthly basis, while 5 companies said they did not have a website. The vast majority of respondents confirmed the fact that they only have a web presentation, but not a web store. This means that **websites are at the basic level of development and do not offer users more interaction** and/or two-way communication in order to perform marketing tasks. Positive intentions for the introduction of e-commerce (web shop) were reported by only 2 respondents, which leads to the conclusion that the **vast majority of respondents do not even think about the introduction of web-based business**. The reasons for such modest approach and low results lying in the fact that the companies do not employ specialised employees for maintenance of the web site but doing it on *ad hoc* basis and outsourcing such services. According to the results of the survey, only 1/3 of the respondents have or intend to hire a special expert who takes into account the website of the company, and therefore about the eventual web store. The impression gained is that companies do not intend to develop IT and sell their products

electronically. The reasons that lead to this kind of thinking may be different and not the subject of this survey but can certainly represent an interesting field of research in the future. Also, only one company opted to use SEO (Search Engine Optimization) tools to achieve better visibility on the Internet through the most popular search engines. The reason for such a negative result lies mostly in the fact that the majority of respondents do not know what SEO is? It is exactly here that you should look for reasons for using these tools in an insufficient way for better positioning on web browsers.

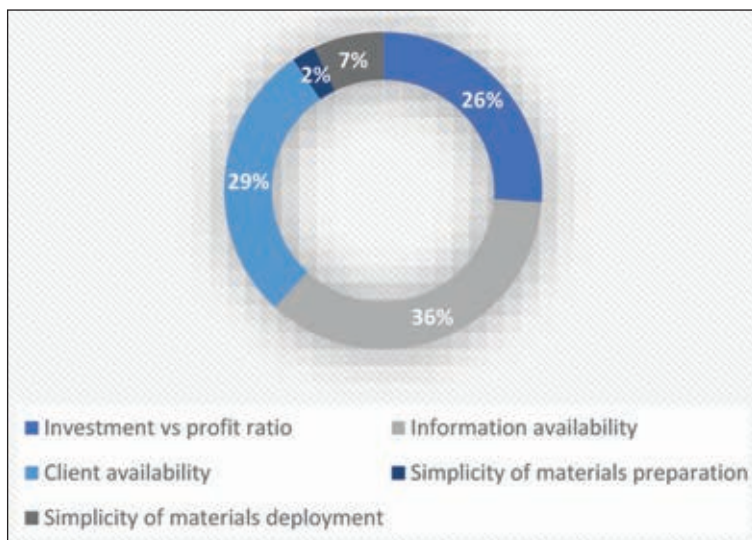


Figure 3: Engagement of professional and skillful staff is imperative for deployment of digital marketing (author)

Respondents had the opportunity to express their opinion on how to better implement marketing tasks - with the help of modern ICT or traditional tools? As it was expected, but contrary to what is being applied, the **vast majority of respondents said that the future of marketing is in using modern ICT tools, not traditional ones.** The advantages of using ICT in marketing relate to the relationship between invested and returned and easier access to clients, but certainly, the biggest gain is reflected in the increased electronic availability of information. This means that companies, although they do not want to implement digital marketing, certainly understand its advantages in an indirect way and realize that in this way new clients and information can be reached that can improve their business and position.

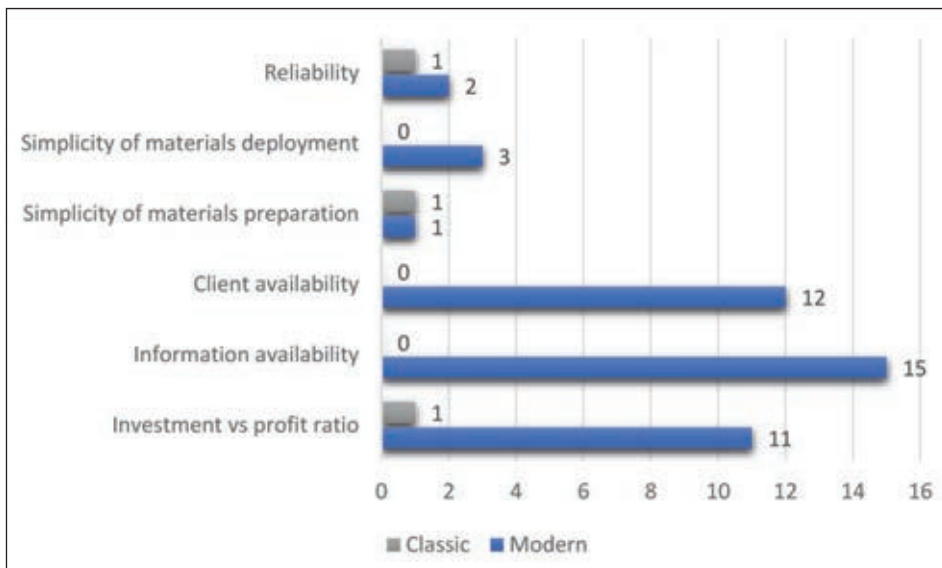


Figure 4: Affirmative opinion against benefits of digital marketing (author)

This finding confirms insecurity and uncertainty in the minds of entrepreneurs about the advantages and needs of a digital and personalized business and work mode. The contradiction of understanding the benefits and not ready to invest in digital marketing can be justified with various reasons – time needed to gain the profit from digital marketing, level of initial investments, confidence in outsourced work(ers) etc. This is very similar to one analysis done by Kapost company where only 40% of marketers considered that their digital marketing is effective and returns on investment, as shown in Figure 5.

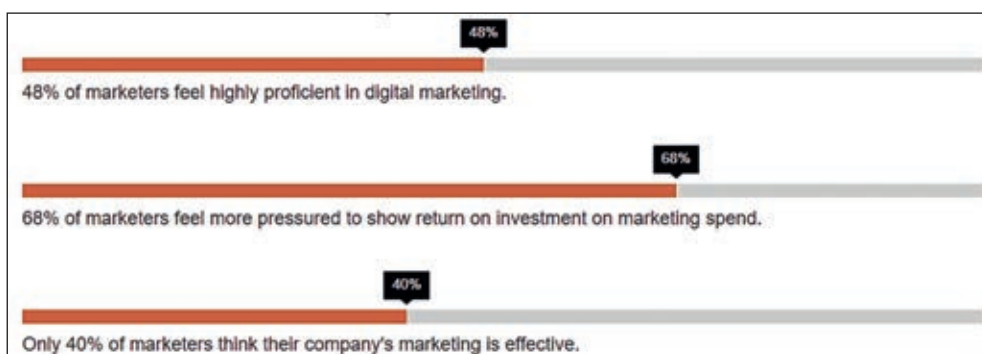


Figure 5: Kapost analysis showing confidence gap in the implementation of digital marketing (source: <https://kapost.com/history-of-digital-marketing-technology/>, accessed: 16.3.2018)

Respondents had the opportunity to express their views on what digital media they see as the most useful for companies when it comes to advertising and promotion. The vast majority of respondents said they would give priority to online media, taking into account primarily their availability and low cost. However, respondents still believe that TV and radio are of great importance for advertising, although they are very expensive media. The companies seem to be inclined to invest in radio and TV promotion rather than online media and advertising. Determining the reasons for this kind of thinking was not the subject of this survey, but it can certainly be assumed that the high level of mistrust in online media is the reason for a more cautious and insufficiently developed approach to online advertising. The respondents stated that for advertising purposes (before the survey) they mostly used advertising via e-mail and social media advertising. E-mail as a modern form of communication in everyday business is the simplest form of communicating business messages to partners and clients and requires least of IT skills to deploy it. It is therefore not surprising that the vast majority of respondents have indicated e-mail as a very suitable tool for communicating with target groups. The problem of this communication is in its limitations to only those clients and customers whose email addresses are known or have come to the company in some way. The vast majority of respondents said they would continue to use e-mail and social networks for advertising.

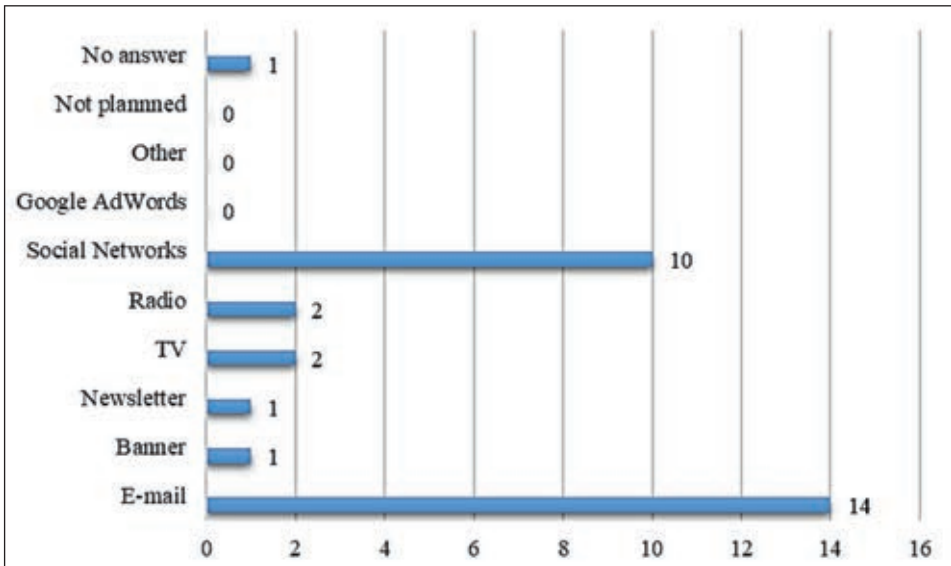


Figure 6: E-mail was reported as the most used e-communication channel for marketing purposes (author)

The companies surveyed showed that they have a sense of responsibility for the use of social networks as only three respondents used personal profiles and accounts on social networks to promote their company. This is a very common form of misrepresentation by the company's owners, but it is very positive that a larger number of respondents have personalized company's accounts. Respondents stated that they do not mix their posts with announcements of owners, which are usually non-commercial in nature and more private. As the most popular and most used social network according to the testimonies, the respondents marked "Facebook", which is why the most interviewed companies have accounts open there. The aim of this survey was not to determine the reasons for such decision, but this can be a very interesting investigation for social sciences. However, the answer from respondents on using Facebook is that Facebook is more open and user-friendly than other social networks. But again, this was just responded from some of the respondents and this was not the aim to investigate. More like a problem the author sees here a large number of those companies not represented at social networks at all – 7 respondents stated that they do not have any form of presence on social networks.

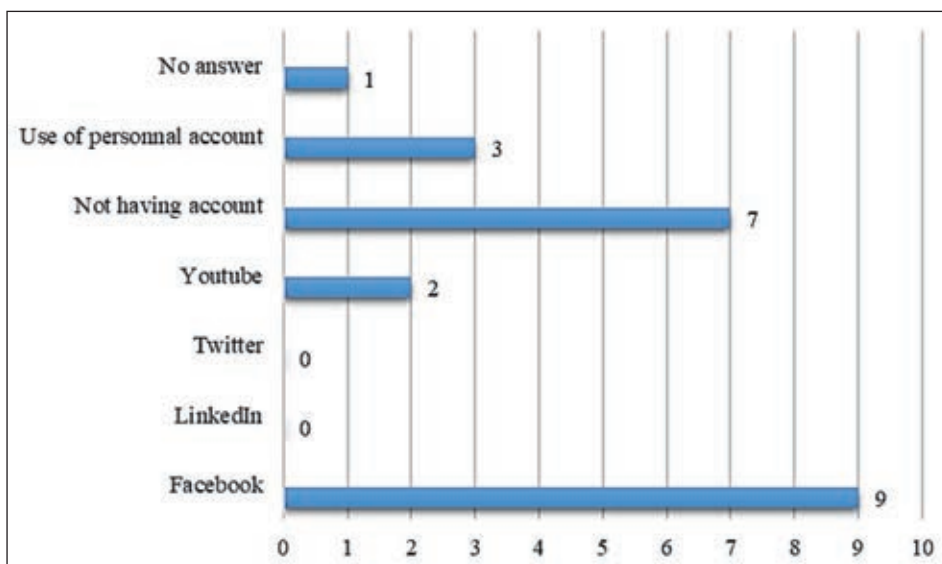


Figure 7: The respondents assigned Facebook as most easy and user-friendly social network for advertising (author)

In order to adequately exploit the potential of social networks, it is necessary to determine the strategy for advertising on social networks. Unfortunately, the respondents do not have any strategy or plan how to promote and advertise on

social networks, which means that they approach the promotion in an *ad hoc* way, depending on the current mood. Only one company expressed its intention to do such documents in the next short-term period, while other respondents consider that they need more time to design and develop such documents.

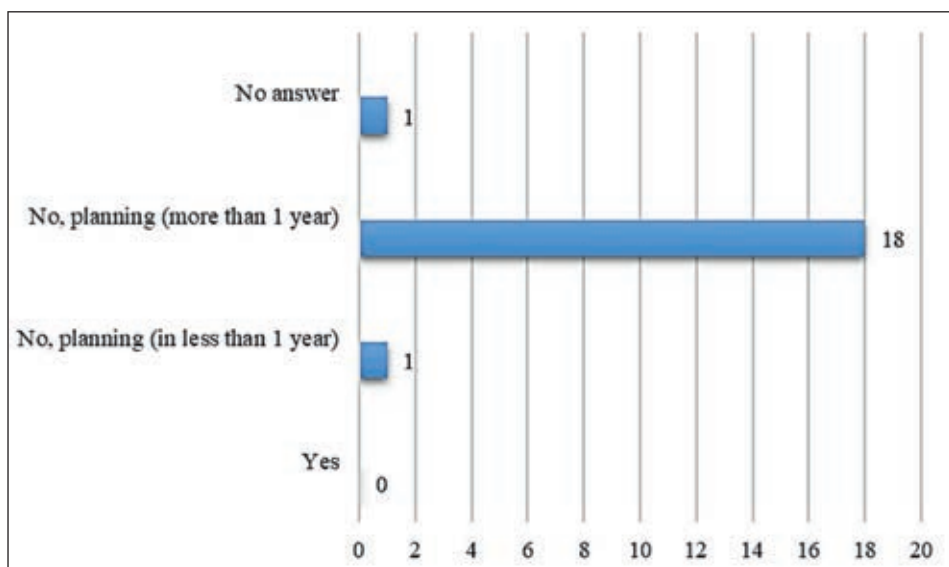


Figure 8: Education is crucial for a good strategy for social networks and there is a will among the respondents to do it (author)

DISCUSSION

The survey showed the **necessity to urgently organize an education of entrepreneurs** from the metal-processing sector about the importance of marketing as a business process, as well as investing in digital marketing. Special attention should be given to the **importance of digital marketing tools** and their advantages over the classical. During the education, the entrepreneurs should understand the difference between the management and marketing functions of the company and the adequate division of jobs into both domains of work. Although this is difficult in the current business environment in the city of Prijedor, **entrepreneurs must have a higher level of awareness of the specifics of digital marketing and its organization**. The management team has a very specific task in the company and a recommendation is that the **management function is separated from the marketing function** whenever it is possible. This way the teams can be more focused on their basic activities and can have stronger synergy. The management team, as a superior one, should control and direct the marketing team

in order to achieve more favourable effects on investments in marketing. If the conditions in the company are not in favor of having own marketing team then the company should use services of external marketing companies providing it. The marketing as the business process must be present and functional regardless the present situation and should be considered as along-term investment.

Entrepreneurs understand that modern ICT can improve their business, but there is a certain fear of applying them, probably due to the lack of education and confidence in the returns invested in these technologies, due to the current business environment and the lack of specific legal solutions for e-commerce. However, further education is needed so that entrepreneurs can have **a higher level of trust in e-commerce** and its effects, as well as on the importance of **engaging ICT experts in the company**. The question of the job description of such experts is the question of the future development of the company and the thinking of the owners and management about it - where do they see the future of their company and how they see the future of the company's business? Certainly, their decision is final, but it is necessary to point out the need for stronger IT support for everyday activities of the company. Management teams and company owners need to be fully aware of the phenomenon of placement on Internet browsers, as well as the use of SEO tools to achieve the best possible positioning. This overlaps with previous issues and their negative effects, which further emphasizes the need to engage ICT professionals in companies that would take constant care on the tasks for better positioning and maintenance. Furthermore, **entrepreneurs need more knowledge about the online sale systems**. The emphasis on e-commerce as the future business model is imperative for small companies with lack of funds for some serious marketing undertakings. Again, this cannot be done without the more serious engagement of ICT qualified staff within the company or at least quality outsourcing of these services. The author prefers engagement of ICT staff against outsourcing due to the data security issues and timely response on possible problems related to all aspects of the electronic model of business (including the privacy of client's data).

The entrepreneurs need further education on online media and ways of their functioning. They have to have a clear vision of all their advantages and disadvantages and in particular **the impact of online media on users**. The entrepreneurs need to learn that online media become an everyday thing in modern business, even to the extent that some companies do business in virtual communities and get their income there. Therefore, it is necessary for the company to open order making systems on the most popular social networks in order to connect with

the target groups on these networks in order to use at least a part of this community and market. **The social networks should be recognized as new markets**, as new potentials of their businesses targeting new and existing customers. Various promotional activities, such as social networking games (including promotion of products or giving the products as an award to the best competitor), have proved useful, thereby raising the number of visits to the order and the likelihood of finding new clients. Here, it is primarily to learn that paying social network campaigns can be targeted by product characteristics and business domains and to encourage companies to use social networks for promotional purposes and maintain contact with their clients.

CONCLUSION

From the above-mentioned elaboration of the survey questions, the following conclusions can be drawn on the answers to the questions raised in the subject and the research objectives.

Companies polled in this task were not fully familiar with the tools of digital and personalized marketing. There is some unsystematic knowledge about this, but generally speaking, the level of knowledge about them is very low. Therefore, more efforts should be invested in the education of businessmen in terms of these tools.

Since the knowledge of these tools is limited, their use is also limited. From the results of the analysis, it is evident that there is progress towards their use, especially when it comes to e-mail marketing and the use of social networks, but this is still in a very early stage of development.

Although there is a large amount of distrust in online communication and media channels, metal processing companies in Prijedor region, although shyly are trying to get involved in contemporary trends. The impression is that they are still waiting for some kind of incentive (although not known from who?) to use digital marketing tools and promotion on the Internet more often and efficiently, but there is certainly a strong intention to do it.

The problem is a business environment and in general a lack of understanding for the employment of specialized staff that would take care of this model of business. The companies do not want to invest in such an undertaking but are aware of the fact that this is an inevitability. The lack of organized marketing ser-

vices, plans and strategies is a problem that these companies need to overcome in order to improve their business.

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DIGITALNI MARKETING U METALOPRERAĐIVAČKIM PREDUZEĆIMA REGIJE PRIJEDOR

Dalibor Drljača

Apstrakt: Marketing, kao veoma važna poslovna aktivnost modernih kompanija, bez obzira na njihovu veličinu, trpi određeni nivo promjena uzrokovanih korištenjem novih IKT. Tako da nas imamo potpuno novi oblik marketinga pod nazivom digitalni marketing. Cilj istraživanja bio je da se upoznaju i upoznaju digitalni marketing alati i tehnike u malim i srednjim metaloprerađivačkim preduzećima u regionu Prijedora. Rezultati su pokazali nizak nivo informisanosti preduzeća o marketingu kao ključnom poslovnom procesu i korištenju savremenog, digitalnog marketinga za promociju i komunikaciju sa klijentima. Iako postoji još uvijek značajno nepoverenje u on-line komunikacije i medijske kanale, metaloprerađivačka preduzeća u Prijedoru, iako stidljivo, nastoje se uključiti u savremene trendove u ovoj oblasti poslovanja.

Ključne riječi: Digital marketing, Metal processing industry, e-Marketing, ICT in practice,

JEL klasifikacija: L18 – Information and Internet Services*Computer Software, M3 - Marketing, M15 – IT management

