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Moving Businesses Online and Embracing E-Commerce

Impact and Opportunities Caused by COVID-19

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Tereza Semerádová and Petr Weinlich



Moving Businesses Online and Embracing E–Commerce:

Impact and Opportunities Caused by COVID–19

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Chapter 1

Surviving Disruption and Uncertainty Through Digital Transformation: A Case Study on Small to Medium-Sized Enterprises (SME) 1

Qiuyan Fan, Western Sydney University, Australia

Nipa Ouppara, Western Sydney University, Australia

Digital transformation enables SMEs to reshape their business models to respond to changing consumer needs in today's COVID-19 environment. The aim of this research is to investigate the key factors affecting the success of digital transformation among SMEs in Australia using a qualitative approach. The aspects perceived as important are digital capability and leadership capability. Understanding of digital trends and opportunities as well as strategic directions is a critical factor driving digital transformation. The research findings indicate that the SMEs in Australia are not best placed to leverage digital technology to transform business models, innovate products and services, and revolutionize operations. This research recommends that Australian SMEs embark on digital strategies that enable the transformation and take advantage of digital platform initiatives to employ new business models to boost revenue and improve customer experiences and competitiveness as companies and consumers are moving online and embracing e-commerce and new digital reality.

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Changes in Grocery Shopping Patterns Due to COVID-19: The Case of the Czech Online Food Markets.....23

Tereza Semerádová, Faculty of Economics, Technical University of Liberec, Czech Republic

Petr Weinlich, Technical University of Liberec, Czech Republic

Today's global world is constantly changing and evolving. In light of the current events, and in particular the worldwide COVID-19 pandemic, this trend is intensifying and accelerating. Recent events have brought a huge turnaround in many aspects of our lives, and shopping behavior has undoubtedly been one of them. Parts of our lives have had to be transferred to the online environment, and this may have affected how we shop. This chapter therefore aims to identify the main factors influencing the purchasing behavior of consumers when buying online in the category of groceries on the Czech market to determine the profile of typical consumers who tend to use online shopping platforms and to find out what effect the COVID-19 pandemic had on general shopping patterns of Czech consumers.

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The COVID-19 pandemic, which directly affected many industries around the world and was referred to as a major crisis, had the greatest impact on the tourism industry due to travel restrictions. The most important reason why COVID-19 is associated with the tourism industry is that international travel is extremely effective in the spread of the virus. Therefore, tourism is one of the industries affected by travel restrictions, quarantine, and isolation practices to slow and stop the spread of the virus. In addition to preventions, tourism sales and marketing activities were suddenly interrupted due to health concerns of individuals who want to travel. So, it is very important to examine the impacts and opportunities caused by COVID-19 in tourism sales and marketing. With the impact of tourism from COVID-19, the moving of marketing and sales to online has been quicker with the developing technology. The necessity to adapt to digital transformation is drastically changing online marketing and sales activities, and it will change even more in the future.

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Pinar Yesim Sarica, Işık University, Turkey

The aim of the study is to understand the change in marketing practices in the pharmaceutical industry in human health during the pandemic process and to reveal the projections for post-marketing strategies in Turkey. With analyzes such as the speed of the industry's adaptation to change, the flexibility of digitalization, the suitability of the existing structure, and the number of employees, future projections have been analyzed on the basis of the evaluations of pharmaceutical sector managers. The environment of the sector that has developed as a result of digitalization has

been examined with its positive and negative aspects in terms of employment and employee competencies. As a result, all stakeholders in the pharmaceutical industry are not fully prepared for this process, adapting more slowly than expected in terms of adaptation time. As a living process, the preferences and methods need continuous and regular updating, but it has revealed the fact that digitalization will be passed as a partial and complete final result in its forward-looking predictions.

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Tereza Semerádová, Faculty of Economics, Technical University of Liberec, Czech Republic

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The global pandemic of COVID-19 pushed the technological barriers and forced both retailers and potential customers to seek new ways of mutual interaction. Even though considered as mostly exclusive to the gaming industry, virtual reality has been gaining more interest outside its original niche. However, it is not clear how this new technology is going to be accepted by average customers in e-retail. This chapter focuses on defining the concept of virtual reality and providing an overview of aspects associated with virtual immersion. Further, the effects of virtual immersion are examined on a group of university students and put in a perspective with their intention to use this technology for shopping purposes in the future. The main emphasis is put on the comparison of hedonic and utilitarian factors of virtual reality adoption in e-retail.

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The failure of customer relationship management (CRM) initiatives to improve the bottom-line has led to authors questioning the direct unconditional effects of CRM on customer loyalty, with calls for more studies to examine possible intervening variables explaining the mechanism of influence between CRM and customer loyalty. While researchers have advanced knowledge on the generative mechanisms by which CRM influences customer loyalty, the mediating role of customer perceived value (CPV) dimensions including functional, social, and emotional values have received very little attention in the literature. This chapter proposes a comprehensive

model incorporating CRM, CPV dimensions (including functional, emotional, and social values), and customer loyalty. Underpinned by the resource based-view and equity theories, the proposed model explores the direct and indirect effects of CRM on customer loyalty through CPV dimensions within the banking context. The integrated framework is a result of a careful review of the literature pertaining to CRM, customer loyalty, and CPV.

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The presence of the COVID-19 pandemic has deepened the need for businesses to reconsider their marketing strategies for survival. This has become necessary due to the shift in consumer habits and demands as a consequence of the crisis. The lockdown and social distancing among other factors have forced more businesses to result to the use of digital platforms in order to continue to meet the needs of their target audiences. Fortunately, consumers across the world have wholeheartedly embraced digital channels in fulfilling their needs and now seem to shop online much more than before. Nonetheless, in the digital platform era, the word engagement and participation are the fundamental non-transactional constructs employed to explain the nature of the participant's unique interactive experiences. In this chapter, the authors set out to look at some factors that could lead to increased online engagement. Among the factors hypothesized are the presence of the COVID-19 pandemic, online advertisement, and electronic word of mouth. The chapter recommends further testing of the proposed hypothesis.

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This chapter proposes that customer relationship management (CRM) activities of firms do have influence on trust developed by customers on digital platforms of firms. Similarly, e-commerce activities also impact the trust of customers on the digital platforms of firms. The model proposes further that online platform trust leads to the degree of online brand engagement. The higher the trust in the platform, the higher the likelihood of more online brand engagement of customers for the firms' brands. The proposed model however suggests that the relationship between digital platform trust of customers and brand engagement will be moderated by the impact of the COVID-19 pandemic. The implication is that the higher the COVID-19 impact, the higher the online brand engagement, and the lower the COVID-19 impact, the lower the online brand engagement.

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Pandemics have emerged in many stages of human history and have affected many eras. In these eras, establishing and managing communication was as difficult as fighting the disease. The management of pandemics has varied according to the means of communication, innovations with technology, and the impact of mass media. The COVID-19 pandemic period has found the role of digital communication in the changing and transforming world. Because of the many restrictions in this period, some marketing activities were greatly interrupted, and accordingly, the interest of businesses in internet advertising increased. Advances in the internet and ICT have increased the interest and demand for online advertising. Online advertising and marketing activities used only by large companies in the past are now preferred by SMEs. Within the scope of progress and developments, small and medium enterprises (SMEs) have also been involved in the competition by carrying out their advertising activities on online platforms.

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Hesham Osama Dinana, American University in Cairo, Egypt

In the new VUCA (Volatile, Uncertain, Complex, and Ambiguous) world that consumers live in, there are new rules that will reshape all elements of advertising. Many shifts need to be studied and analyzed. These include issues such as consumer migration to the new on-line digital platforms, the changing consumer viewing behaviors, and interaction with content. Advertisers as well as advertising agencies are reshaping their business models and their understanding of the industry future. This chapter will explore the impact of technology, data proliferation, and omni-channel customer touchpoints on how organizations will manage advertising and consumer communication strategies. The author will review the opportunities provided by technology for advertisers to get insights about the digital-age consumer and the threats due to the control tools that consumers can use such as ad-blockers. This chapter will review the impact of ad-blockers on digital ad ecosystem and measures taken by advertisers to fight against them.

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Preface

In connection with changes in the functioning of people's daily lives due to COVID-19 and in connection with the effort to stop the rapid spread of the pandemic, there have been both secondary problems and shifts in technology. In some countries around the world, the network has become more congested due to a combination of the workload from home and the increased use of the Internet for entertainment. In addition to watching high-definition videos, lockdowns also contributed to a large increase in online computer gaming. Following a request for free network capacity from the European Commission, Netflix decided to reduce the maximum resolution of streaming video for its services. YouTube, Facebook, Apple, Disney, Sony, Microsoft, and Valve have also reduced the traffic flow for their services. In response to the network overload, some companies operating the electronic communications infrastructure have begun to dramatically accelerate capacity growth - for example, Equinix, a data center company, has accelerated a project to increase data capacity by ten times a year or two, and Netflix increased the number of its servers. The dramatic increase took place in the field of the use of communication technologies. US Internet companies Verizon and AT&T also reported a large increase in voice telephony services. In addition to the increase in regular calls in the telephone network, the range of video conference calls also increased. In hard-hit Italy, for example, Facebook saw a 1000% month-on-month increase in video calls between February and March. A dramatic increase in the number of users was recorded also by the Zoom conference call service, which in response began to address the increase in capacity of major connections.

There can be no doubt, that the COVID-19 pandemic and related restrictions have significantly accelerated technological development and convinced businesses to fasten their journey toward digital transformation. The digital transformation is questioning the general organization of the world around us through technical standards that continually bring out new social logic. However, the acquisition of digital skills remains complex since it calls for different types of support, both cognitive, social, cultural, economic. Digital transformation may be observed as changes happening on three main levels. The first concerns digital use by the public and no longer only

by market organizations. This first change transforms the lifestyles (consumption, exchanges, information, etc.) of individuals through their appropriation of digital technology. The second change is to be found in the re-conceptualization of the world of employment with the disappearance of some types of jobs and the appearance of the new ones. Finally, the entire economy is affected by digital technology through automation, the increase in the productivity rates, dematerialization, innovation, rationalization through data leading to the creation of a new ecosystem.

The digital transformation calls for being understood as a consequence resulting from the technicalization of the world, so it needs to be contextualized before entering the heart of changes in forms of commerce and territory. Observing these new temporalities, but also these new spatial compositions and editorializations makes it possible to better introduce the consequences and issues induced by digitization, since it precedes us and nevertheless poses us, through its constant acceleration, a lack of perspective on the current effects. We find ourselves in a particularly interesting transitional context. Standards and customs have never been so shaken up. Digitization is above all perceived as a revolution both technical and informational using communicational means. It addresses the compositions and recompositions of different activities, those of commerce, consumption, territory, and urban forms. This involves in particular observing the communication techniques deployed to users and what this technical integration induces on the overall organization of the powers and interactions of each of the actors. The field of communication here mainly sheds light on the dynamics of interactions between man and machine.

Developments in digital technology, media, and technology are radically changing the notion of territory as it could be interpreted previously. While yesterday the territory was translated into a measurable geographic space subject to economic, political, and social realities, today the notion of territory is no longer addressed without the involvement of internet networks. These networks modify it profoundly and lead to a new conception, that of a dematerialized space.

Digitization is changing and affecting an entire ecosystem. Borders are being erased, opinion leaders are no longer the same, communication and marketing strategies are no longer suitable. Stores are no longer stores but places of experience. The sellers are no longer sellers, but connected storytellers. Digitization is about a re-conceptualization of commerce. Already, the volume of data has increased in traditional commerce with CRMs, loyalty tools, social networks, reviews, digital marketing operations, and in-store IT equipment. However, the use of this data very often stops at its collection and therefore does not allow an anticipatory response like in the case of online shopping platforms accompanied by precise algorithms providing predictive analysis. Because there is always a margin of unpredictability due to mankind, data is no longer enough. Businesses thus start to turn toward what is called *thick data*. What could be qualified as thick data is no longer just a given,

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it is an emotion. By capturing a context through individual behavior and expression, its potential goes beyond rational data.

Tracing and analyzing data opens up new challenges in understanding behavior. It is no longer possible to leave no trace. Today, traceability remains a one-way operation. The more information the Internet user provides, the more his identity is propagated and disseminated. We are in a recommender economy where the answer is given before the question is asked. The user is no longer faced with personalized information but with predeterminations made with the help of ever-increasing algorithmic power. There is an existing lack of transparency on the subject of data traceability. The current debate raises concerns about the risks of traceability leading to an intrusion into the privacy of users.

The evolution of commerce implies new forms and new practices of consumption, which themselves give rise to new proposals. Personal identity is a central element of the new consumerism. Digital technology is promoting the emancipation of the individual in his consumption. Indeed, changes in consumer behavior and expectations with digitization and the flowering of new commercial dynamics are weighing on so-called traditional commerce. With the global pandemic of COVID-19, businesses entered the world of online tracking and recommender systems. It is a question of determinism through algorithms, of pre-determined decision-making, all made possible thanks to hyper-personalization resulting from online commercial strategies.

The link between identity and consumption has strengthened with digitization. Socio-digital networks lead to both more stigma and new forms of sociability. Digital identity is constructed, unlike moral and physical identity. Identity is built through our actions, our interactions but also the contextualized norms of an era. The digital intensifies this process by bringing another dimension, virtual, like an extension of identity but with new rules, new codes to integrate to be and interact. There are then new standards to be assimilated for self-representation. Technophobic criticism of the evolution of socialization processes evokes the loss of notion between the real and the virtual. Maintaining a profile on social networks requires having integrated these standards and techniques. In this ecosystem, the consumer is the main actor, his identities are the heart of the market targeting. We are now entering the era of social, hyper-personalized consumption which emphasizes both, knowledge of the customer and knowledge of the technologies.

The COVID-19 pandemic caused a global shock to the entire economic system. As a result of the governmental restrictions, both production and distribution channels were interrupted. In this situation, however, it was possible to observe that some companies were able to adapt to the new conditions, while for others it meant a complete interruption of business activities. In this critical situation, businesses were forced to innovate their existing business models using Internet technologies, which proved to be very problematic for most of them. The demand for the possibility of

creating e-shops, incorporating payment gateways into websites and even the number of paid promotions on Facebook and Google Adwords increased. The COVID-19 restrictions showed that many entrepreneurs don't have enough knowledge about the available online tools and possibilities and rather chose the option of complete interruption of business activities. Given that the digital transformation of business today often consists only in incorporating existing tools into existing processes, transition to e-commerce could be made easily and quickly.

This publication focuses on the transformational effects of the COVID-19 pandemic on the existing business models while pushing the companies to move part of their activities online and adopt e-commerce and online marketing strategies to survive. The main objective of this book is to analyze the impacts of COVID-19 related restrictions on the business models of enterprises affected by these restrictions. The emphasis is put on the transformational changes induced by the accelerated adoption of Internet technologies and transition to e-commerce based business models. In addition, the publication focuses on the changes in shopping and behavioral patterns of online users that are the result of forced lockdowns in many countries worldwide. We believe that the research presented in the book will help to understand the changes in the e-commerce sector after the entrance of new enterprises, the challenges enterprises have to face when starting with e-commerce and the direction e-commerce will probably take in the future.

This book provides a useful overview of the economic and social impacts of the pandemic concerning business markets. The presented information will find use by both the general audience and academics with interest in e-commerce, business models, and small and medium enterprises. The publication presents results from both secondary and primary sources. We believe that data collected from actual SMEs will provide valuable insights into the factors influencing the adoption of e-commerce. In addition, the inclusion of global statistics available for the e-commerce sector during COVID-19 will create a solid basis for further research related to transformational changes in national and international economies connected to both COVID-19 and the adoption of internet technologies.

The following chapters are organized into two main sections. The first section, called "Digital Transformation as a Necessity in the COVID-19 Pandemic," offers insights on the changing business landscape due to the restrictions imposed as a response to the COVID-19 pandemic. The chapters in this section address how the shopping behavior of the consumers evolved during the lockdowns and how the business responded to this new market situation. The second section, "Changes That Will Stick With Us Once the Pandemic Ends," emphasizes the need to adapt to the new market structures and customer behavior has thus increased.

Preface

The first chapter, “Surviving Disruption and Uncertainty Through Digital Transformation: A Case Study on Small to Medium-Sized Enterprises (SME),” investigates the key factors affecting the success of digital transformation among SMEs in Australia using a qualitative approach. While this chapter presents the results of locally positioned research, the findings may be applicable globally. Successful digital innovation and transformation require thinking beyond technology to build a competitive edge over rivals and to deliver lasting business value and customer satisfaction. The results presented in this chapter show that many SMEs might be best suited to participate in one or more platform ecosystems as a digital platform can facilitate SMEs’ digital transformation through offering technological functionalities and value-added business services to participants.

The social landscape, the lives of individuals, business markets, and consumers’ shopping patterns have all changed significantly due to the global pandemic of COVID-19. The forced restrictions of free movement and protective clothing items such as face masks and gloves have pushed society toward a more online-based consumption of goods. This trend is very prominent also for categories of goods that until now have not been very often purchased online. Groceries, especially, have always been perceived by customers as products with a high risk of poor quality when purchased online. However, due to the change in situational factors, consumers have been forced to try this alternative method of grocery shopping. The second chapter, “Changes in Grocery Shopping Patterns due to COVID-19: The Case of the Czech Online Food Markets,” describes how the attitudes of Czech consumers toward online food shopping evolved during the pandemic.

Tourism businesses have to change their business practices due to COVID-19. The rapid spread of the internet in all areas of life and the increase in the number of internet users caused tourism activities to move to the online platform. However, the COVID-19 epidemic that occurred in 2019 caused the sales and marketing activities in tourism to take place largely online. COVID-19, which causes radical changes in the sales and marketing practices of tourism enterprises, is predicted to change the course of the industry in the future. In the digital world, it can easily be said that tourism marketing and sales will be more technology-oriented than before. Although the moving of marketing and sales activities to the online in the tourism industry occurs faster during the pandemic process, the tourism industry, which will not be indifferent to technological developments, will adopt many more innovations. The topic of tourism is more discussed in Chapter 3, “Moving Tourism Industry to Online Marketing and Sales Impact and Opportunities Caused by COVID-19.”

The pandemic process reminded us that human health is ahead of everything. During the pandemic period where digitalization gained a dizzying speed, ‘digitalization’, ‘remote working model’ and ‘hygiene’ became the focus of business life.

In today's competitive environment, it is seen that pharmaceutical companies spend more on e-promotion activities by providing the necessary infrastructure in order not to lose their market share. This situation has also changed the attitudes of physicians. In Chapter 4, "The Transition of Pharmaceutical Sector Marketing Activities: Traditional Marketing to Digital Marketing After the Pandemic Period and the Results," the position and forward actions of the pharmaceutical industry during the pandemic process were evaluated. In the evaluation, activity plans taken in the new normal period after the pandemic process were taken as a basis, apart from the current sector's specific practices. The outputs have been interpreted as a result of the interviews made with the managers and experts who have taken active roles in the decisions and implementation of the actions in this process, albeit in a limited number. In these outputs, the attitudes of healthcare professionals are also questioned and evaluated.

Chapter 5, "The Place of Virtual Reality in E-Retail: Viable Shopping Environment or Just a Game," examines the possibilities of virtual shopping experience. Augmented, virtual and other digital realities are among the technologies of tomorrow. If companies learn to work with these technologies properly, they can become good helpers in the field of e-retail. Digital realities have the potential not only to increase the operational efficiency of companies but also to be useful to the customer himself or herself, who will be able to test the required goods before the purchase itself, without coming into physical contact with them. In the future, three types of digital reality are expected to be used in the field of retail. The best-known type is virtual reality (VR), which creates a completely digital world that fully replaces the real environment. User movement and interaction are ensured by various motion sensing technologies. In contrast, augmented reality (AR) does not replace the real world but rather works with it; with the help of transparent glasses, for example, it expands and complements the user's reality with digital content. Mixed realities (MR) are a combination of both technologies. Much of this technology has been around for three to four years, but thus far, there has been little motivation to use it. This has changed with the global pandemic of COVID-19. The current coronavirus pandemic and the related restrictions have forced everyone to spend more time in their homes than most of us are used to.

Chapter 6 of this book is called "The Effects of Customer Relationship Management (CRM) and Customer Perceived Value Dimensions: A Proposed Conceptual Framework for Customer Loyalty." Surviving in the dynamic marketplace, therefore, means establishing strategies that can survive the turbulent challenges in the competitive market environment. Banks are therefore resorting to innovative strategies like customer relationship management (CRM) to deliver superior customer value to their customers, who according to the literature have become more value-oriented in their search for products and services. CRM involves building an

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organizational culture that is centered on individually understanding the needs of customers through the acquisition of a valuable customer. It involves identifying customers, creating customer knowledge, building relationships with identified customers, and positively influencing the perceptions customers have of a firm and its products. By implementing CRM, banks are in a pole position to strengthen long-term relationships with their customers

With competition moving online and the internet space becoming overly crowded, getting the attention of customers, who have become increasingly polygamous means, firms must make their internet presence felt through online advertisement. With COVID-19 projected to stay with us for years and findings suggesting even more customers would prefer online engagements, firms must think of newer innovations or formats through which they can reach their customers with their messages and subsequently increase the flow of traffic to their specific online platforms. Tools like mobile advertising, social media advertising, virtual engagements, special webinars, direct emails, video marketing, LinkedIn platforms amongst others. Compared to the physical presence of customers, online advertisements ensure not only the local market get to patronize the firm's products but also international customers thereby increasing the bottom-line. As explained in Chapter 7, "Factors Leading to Increased Online Engagement," firms must begin to pay more attention to their E-WOM as evidence show that E-WOM significantly influences buyers' perception about firms' products and thus have the power to direct traffic towards firms' online platforms.

The COVID-19 pandemic has pushed many companies and businesses worldwide to suspend their business activities and continue the business online. This sudden shift to online brand engagement due to COVID-19 opened the discussion regarding the preparedness of buyers and the effectiveness of the business online. The interaction between buyers and the e-vender is vital for the company's success and long-term profitability—buyer's patronage behavior is based on product and or service attributes. During the lockdown, buyers had to stay at home thus were away from social interactions worldwide. Online marketing became an opportunity for firms, businesses, and marketers to interact with their customers and other prospects, becoming an essential part of marketing. "A Conceptual Model of Drivers of Online Brand Engagement" and the moderating role of COVID-19 are described in Chapter 8.

In the digital age, the adoption of online advertising is very important for SMEs to achieve sustainable success and compete. The driving force, opportunity, and impact of COVID-19 have been the ability of SMEs to carry their activities online and carry out e-commerce activities. This adaptation process can be achieved successfully through relatively easy ways such as expert support from advertising agencies and publishers, and employing qualified personnel. The convenience provided by advertising agencies is not only with the preparation and management of the advertising message to be delivered to the right user at the right time, but

also provides benefits in tracking customer behavior, choosing the target market, and providing pricing strategies. Chapter 9, “Adoption of Online Advertising by Small and Medium Enterprises,” provides a general framework for SMEs’ adoption of online advertising, especially with the Covid-19.

Chapter 10 focuses on “Advertising in the Age of Ad-Blockers.” COVID-19 consumer behavior shifts, continuing technological revolution, and growth in big data and analytics have drastically changed the advertising landscape. Consumers are now more informed, more empowered, and are more interested in targeted and personalized advertisements. To deliver effective advertisements, the firms should formulate their advertising strategies and marketing plans by keeping in view the three macro factors stated in this chapter. In the future, the effectiveness of advertising will depend on the extent to which marketers have evolved based on market trends. Consequently, the future of advertising will belong to those marketers who will teach, empower, and engage consumers with targeted and reliable communication that treats consumers not as statistical data points but as equal partners.

This book covers a wide range of topics related to the market changes and consumers’ attitudes as a result of the COVID-19 pandemic. We believe that it will become a valuable source of reference for future research related not only to the outbreak of the disease but also to digitization in general. Although the pandemic caused many unfortunate events, some positives contributed to the accelerated development of society. Taking account of the recent experience, the contributors of this book provide expert estimations of the future market structures, business models, and customer expectations.

Acknowledgment

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Introduction

Digitization uses digital technologies to change business models and provide new opportunities to generate revenue and value. It is a process of transition to a digital business. According to Parida et al. (2019), the process of transforming communications, business functions, interactions, and business models into digital, which are often reduced to a combination of digital and physical, such as omnichannel customer service, intelligent manufacturing, or integrated marketing with a variety of autonomous, semi-autonomous, and manual operations. In turn, Shapiro et al. (1998) perceive digitization from an IT perspective as the coding of information into a stream of bits, or the process of converting all possible data and media into ones and zeros, forming the natural language of computers.

However, to draw information and knowledge from these datasets (apart from observing them), we need to aggregate relevant characteristics and abstracts from many irrelevant details to answer general questions. These aggregated abstractions represent models that can describe shared, and therefore generalizable, phenomena of processes, mechanisms, and situations. This characteristic applies both to the whole world in general and to individual sub-areas. For example, in business domains, digitization often informs about what, where, and when to buy and, conversely, to sell, advertise, produce, transport most effectively, and communicate with the customer (Cascio and Montealegre, 2016).

Digital transformation can cover everything from modernizing IT (such as cloud computing), through digital optimization, to the invention of new digital business models. The term is widely used in public sector organizations to refer to modest initiatives like launching online services or upgrading older ones. (Flanding et al., 2018) Many people around the world use the terms digitization and digital transformation interchangeably. This substitution is probably happening due to the similarity of the two words and several standard features. Digitization, like digital transformation, is about changes in business operations, business models, revenue, and new business opportunities (Matt et al., 2015). According to Parida et al. (2019), digital transformation is a process of profound transformation of business and organizational activities, processes, competencies, and models in such a way as

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to take full advantage of changes and opportunities combining digital technologies and their accelerating impact on society in strategic and priority ways with current and future memory. While digital transformation is used mainly in the business context, it also affects other organizations, such as national governments, public sector agencies, and organizations involved in addressing societal challenges (such as air pollution, aging) by using one or more of the following: existing and emerging technologies. In some countries, most typically in Japan, digital transformation aims to affect even all aspects of life with Society 5.0, which goes beyond the limited perception of Industry 4.0 (Cascio and Montealegre, 2016).

The global pandemic of Covid-19 emphasized the need to primarily focus on the business dimension of digital transformation, which revolves around the customer, his needs, and requirements. Efforts and strategies in this area of digital transformation are often more urgent and occur in markets with a high degree of commoditization. Comprehensive customer experience, optimization, operational flexibility, and innovation are among the key drivers and goals of the digital transformation, together with the development of new revenue-based sources of information and value ecosystems leading to business model transformations and new forms of digital processes (Fitzgerald et al., 2014). According to Cascio and Montealegra (2016), digital transformation is a journey with many interconnected intermediate goals that seeks continuous optimization across processes, divisions, and the business ecosystem of the hyper-connected age, where the right connections are sought and built between individuals, teams, decisions, technologies, front and back-office workers, other stakeholders. The human element is crucial in this whole process. Because people usually do not want to have everything just digital, because they still value traditional human and personal interactions, depending on the context, there will always be a so-called offline element. Nevertheless, digital transformation also plays a vital role in non-digital interactions and transactions, especially identifying any customer (Horlacher et al., 2016).

Fitzgerald et al. (2014) think that the strategy of the digital transformation process usually seeks to create the ability to take full advantage of the available possibilities and opportunities of new technologies and constantly update, streamline, improve and accelerate them in the future. The path of digital transformation requires a step-by-step approach with a clear and sophisticated plan that involves a wide range of stakeholders and both internal and external constraints. This plan considers the assumption that the ultimate goals will continue to move, shift and change, as digital transformation is, in fact, an ever-evolving endless process. As stated in his Fenwick study (2015), the most crucial thing is finding and achieving a balance between technology, efficiency, and humanity in transforming digital business. In this case, technology itself is not the holy grail, even in the case of its extreme maturity, and what matters is how it affects businesses and people in real life.

1. FROM BRICK-AND-MORTAR SHOPPING TO A DIGITALIZED EXPERIENCE

Visiting a store is one of the most common activities of the world's population. Some people shop in smaller quantities every day; others are used to making rather large weekly purchases. There are groups of people who prefer shopping in large shopping malls; others prefer to visit small specialty stores or local supermarkets. As a result of the digitalization process, retail is evolving rapidly and undergoing fundamental changes, to which consumers must get used, and retailers adapt to them quickly enough. Otherwise, they risk not standing up in a competitive environment in the future and losing their customers.

1.1 Transformation of Retail

Business practices have changed in recent years, especially in the retail sector, where customers are end consumers. Digital technology and innovation, in general, are changing the overall way of doing business and revolutionizing the retail industry. Sellers need to realize that it is essential to respond to these changes without delay and focus on creating value for their customers. Current technological progress significantly contributes to this phenomenon and opens up completely new possibilities both on the supply side and on the demand side. These opportunities can be seen as opportunities and threats, often depending on the size and financial and HR capabilities of a particular vendor and its business strategy. Especially for private traders operating small local stores, the demands of the digital age can often be overwhelming (Bollweg et al., 2016).

To survive and succeed in this new digital world, retailers must make rapid technological changes and respond to the unique market situation flexibly and urgently. Digital revolution co-creates consumers who expect a wide range of products, immediate service, and seamless interactions and constantly demand new products and other ancillary services associated with their purchase. Although every retailer should strive to be different from other competitors in some way, always to offer their customers something extra, it is primarily essential to keep up with the requirements of the current market and not be left behind. In today's digital age, customers can make many of their purchases from the comfort of their homes over the Internet, and they are increasingly doing so.

However, according to De Mooij (2019), customers are also increasingly looking for specialists, genuine experts who will advise them on selecting the purchased product or recommend a more suitable substitute for them. Thus, retailers must primarily provide professional services in their stores, be able and willing to provide specialized advice on the products offered, their properties, use, styling while

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constantly listening to the needs and wishes of customers. The current digital age is beneficial, and it's about getting the opportunity to regularly address them and let them know that the seller counts on them and cares about them.

The form of pre- and after-sales communication and the process of addressing customers depends on the range of offered goods and the specific characteristics of each customer. According to Zanchetto and Paladini (2019), a general phenomenon of the contemporary digital age is various loyalty and customer programs; the main goal is to gain valuable contacts allowing businesses to reach customers with personalized offers. These are most often e-mail addresses or telephone numbers, through which sellers can regularly inform customers about and periodically invite them to visit their brick-and-mortar and online stores. The high popularity of various loyalty programs, both among customers and among retailers, is confirmed by the findings of the Consumer Incentives Report conducted by Wirecard (2019), which states that the vast majority of customers are strongly affected by subsequent rewards for purchases, most often in the form of additional discounts, special tailor-made offers or various gifts. Leaders in creating loyalty programs are generally large retail chains, but more recently, smaller local retailers have begun to follow them in increasing numbers.

1.2 Motivators to Adopt New Technologies

Attitude is a critical variable in understanding the decision-making process. It mainly corresponds to the feelings of pleasure, joy, satisfaction, or dissatisfaction that a consumer relates to a given behavior. In their work in Marketing, several authors consider attitude as an essential variable in understanding purchasing behavior (Ajzen & Madden, 1986; Ajzen, 1991; Venkatesh & Brown, 2001). Generally, attitude is the positive or negative estimate of an individual towards adopting a behavior by associating the consequences related to this behavior and the probable results through the evaluation of said consequences.

Given the epidemiological situation we are currently experiencing, one of the most critical variables, which will allow us to better explain the brakes that consumers may have before committing to an act of purchase, is the risk perceived. Bauer (1967) initiated the theory of perceived risk by explaining that consumer behavior involves risk because any action will produce consequences that an individual cannot anticipate with certainty. Bauer (1967) introduced the concept of perceived risk (Gronhaug & Stone, 1995), and he decomposed it into five types of risk: financial, performance, physical, psychological, and finally, social. These last two risks are often treated in a merged way in a single variable which is the psychosocial risk (Kaplan & Jacoby, 1974). Murray (1991) defined the perceived risk as the uncertainty perceived by the consumer as to the losses or gains of a particular transaction; in

the same sense, Garbarino and Strahilevitz (2004) decompose the perceived risk into two components: uncertainty as to the effectiveness of the decision, and the probable losses suffered during the purchase or consumption while forming the overall risk (Garbarino & Strahilevitz, 2004).

With the emergence of the Covid-19 virus, another dimension of risk has been identified: the risk of contagion. It is about the risk of being contaminated through social promiscuity, for example, in places such as shops, buses, schools and, this observation we can base it on the study carried out by the cabinet Criteo in March 2020. The study shows that 52% of consumers in the US and UK prefer the Web as a purchasing channel; more than 70% of consumers in South Korea prefer online shopping, and Brazil with a significant percentage of 67%. In the end, the countries with a moderate rate find Spain with a ratio of 42% and France 36%⁷. We see then that the fear of catching the virus pushes the consumer to adopt the Web as a channel for making purchases (Criteo, 2020).

According to Limayem et al. (2000), behavioral intention translates into the desire, desire, determination, and willingness to achieve a behavior. Several authors have shown strong dyads between behavioral intention, in the context of the use and adoption of information systems, and behavior itself (Ajzen, 1991; Venkatesh & Brown, 2001). In the case of internet shopping, Hsu et al. (2014) define online shopping intention as the threshold at which the consumer is willing to buy a product from a specific website. Limayem et al. (2000) carried out a study that examines shopping behavior on the Web empirically verifies that shopping behavior from the Web is determined by intentions (Limayem & al, 2000).

At the basis of this theoretical foundation, the variable “intention of use over the duration of online purchases during and after the Covid-19 health crisis” constitutes the dependent variable of our research model. The concept of perceived utility can be defined as evaluating the likely rewards for performing a given behavior. According to Triandis (1979), the probability of achieving a behavior is relative to the expected value. For example, in our case (online shopping during the health crisis), the consumer can assess the advantages, going through the Web, such as crowd avoidance and time savings in times of crisis.

Fishbein and Ajzen (2011), the precursors of reasoned action theory (TAR), proposed a model that aims to explain and understand the behavior of individuals in several situations. This theory considers that every behavior is directly determined by the individual’s intention to emit that behavior. In turn, the behavioral choice is determined by two variables: attitude toward behavior and subjective norm. The first determinant is the attitude towards the behavior, as is justified in Fishbein and Ajzen (1975); the individuals’ beliefs determine the mood towards the consequences of such behavior multiplied by assessing these consequences. Regarding the second determinant of behavioral intention, this is the subjective norm; it is reflected in an

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individual's referents' influence in adopting a behavior. In other words, when an individual thinks that the reference people around him believe that he must adopt a behavior, his intention to adopt that behavior will be more significant. Indeed, in his meta-analysis Sutton (1998) confirms that TRA has good validity, except that it is under-controlled by intentional conduct only and lacks situational factors. This theory rules out any irrational or unconscious behavior in individuals.

Drawing on the reasoned action model of Fishbein and Ajzen (2011), Davis (1985) proposes the technology acceptance model (TAM), which aims to predict the acceptance of technology information, as well as identifying improvements to make such technology or IS (Information System) acceptable to users. Like the theories explained above (TRA) (TCP), TAM supports the hypothesis that the intention of use determines the adoption of an information system. Except that this intention is affected concurrently by attitude and perceived utility. The attitude towards using or adopting a plan depends on perceived usefulness and ease of use. Perceived utility refers to how an individual believes that a particular system can improve its performance in accomplishing a given task. Ease of service lies in the belief of the individual that using an information system requires little effort.

1.3 Moderating Role of Covid-19 in the Development of Retail

Although the Covid-19 pandemic is currently a very much discussed topic worldwide, there are still very few studies describing its impacts in the scientific literature. However, the studies that have been already published show that this crisis, like many previous ones, is also likely to have some impact on the retail evolution and related changes in consumer and retailer behavior and thinking. In this case of the global pandemic, given the general effort to reduce physical contact between people, there is a strong emphasis on digitizing the retail environment. For example, the Nielsen survey (Nielsen, 2020) showed that the first wave of the corona crisis affected consumer behavior, as consumers became more accustomed to shopping through e-shops and physically visiting brick-and-mortar shops less often. More than a quarter of customers (26%) declare that they shop more often online than before. Almost half (44%) go to supermarkets, hypermarkets, and small brick-and-mortar stores less often. The Covid-19 pandemic is thus likely to have a long-term effect on shopping patterns. The pandemic removed the biggest obstacle in the first purchase, and people who would not usually buy on the Internet have done so for the first time. Based on these findings, we, therefore, define the first hypothesis H1 related to customers:

Hypothesis one: Immediately after the end of the first wave of the crisis, customers felt a greater need to use digital tools in the shopping process than before it broke out.

In China, which experienced the first peak of a pandemic earlier than the rest of the world, retailers then invested more in online sales and customer applications (67%), focused on healthy products (53%), and started working intensively on their supply chain (47%). The local sales formats, such as hypermarkets and supermarkets, developed the omnichannel model and modified their distribution system. Smaller stores, in turn, usually focused on offering fresh and local food. Specialty stores integrated online with offline and actively engaged consumer communities (Nielsen, 2020). On the other hand, the digitization process was, in this case, conditioned by the need to survive despite the restrictions, and the willingness to continue in this effort may decrease once the restrictions are lifted. Therefore, our second hypothesis concerns the retailers:

Hypothesis two: Immediately after the end of the first wave of the pandemic, retailers felt a greater need to use digital tools in the sales process than before the pandemic.

According to Priyono et al. (2020), an apparent interest of shoppers in digital tools was registered even before the outbreak of the first wave of the Covid-19 pandemic, while as Guo et al. (2020) state in their research, small, privately operated shops have so far mainly not dealt with the issue of digitization. Based on these studies, it can be assumed that before the crisis, there could be significant differences in the perception of the importance of digital retailing between customers and local retailers, which may have changed due to the expected shift in the overall atmosphere in society. Our third hypothesis is thus formulated as follows:

Hypothesis three: The difference in the perceived need to use digital tools in the shopping process between customers and retailers decreased compared to the period before the outbreak of the first wave of the pandemic and immediately after it subsided.

2. METHODOLOGY AND DATA COLLECTION

The methodology used in this study is inspired by the research model proposed by Bollweg et al. (2016). Research data by Lars Bollweg et al. (2016) were collected in February 2015 as part of a survey of retail stores operated by local retailers in a

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medium-sized German city of 46,000 inhabitants. Contact addresses were provided by the marketing agency Wirtschaft & Marketing GmbH - WMS from the city. There were 135 retail stores, of which 85 corresponded to the parameters set for the research, i.e., retail stores operated by a local owner. In total, the authors of the study received 52 valid answers. All survey questions were measured on a five-point Likert scale. Bollweg et al. concluded that retailers generally lose track of the needs and desires of their customers. They argue that small business owners must take much-needed measures to prevent further outflows of shoppers and gradually begin to digitize their business processes. To start this digital transformation, they recommend that all resellers focus on easy-to-reach and short-term goals, such as publishing an e-mail address or leveraging third-party sales channels, which are quickly available, inexpensive, and proven tools that meet at least basic customer requirements.

In the long run, retailers should try to develop their comprehensive digitization strategy tailored to their business, including their specific competitive advantages, such as personal contact with regular customers or the short distance between local shoppers and stores. The most important thing is to realize that the retail environment is changing regardless of whether they agree to it, and it is up to them whether or not to adapt to their customers' requirements. Bollweg et al. (2016) also point out that digitization can be viewed from two different angles. Either as a potential source of competitive advantage or as a threat caused by technological development. In any case, the introduction of at least some digital services is the first and essential step in re-strengthening the often already troubled relationship between the retailer and its customers, who will undoubtedly appreciate this effort.

Following the example of the original study by Lars Bollweg et al. (2016), we focused on analyzing digitization according to three classic sales phases (pre-sales, sales, and after-sales) and using 12 digitization indicators (see Table 1). The retailers were asked two additional questions about their future intentions to continue using digital technologies once the pandemic ends. We examined the changes in perception of both the retailers and customers under conditions significantly affected by the global outbreak of the pandemic. For our research, we chose a questionnaire survey. All 12 basic questions were measured on a five-point Likert scale.

The following study focuses on the development of the Czech market during different stages of governmental restriction. For this research, the period before the first wave of the Covid-19 describes the time segment until March 10, 2020, when the Government of the Czech Republic began to introduce significant anti-epidemic measures in connection with the spread of the disease. The first wave of Covid-19 in the Czech Republic is dated from March 10 until April 27, when most of the restrictive measures concerning retail sales in establishments up to 2,500 square meters, except for restaurants and hotels, were gradually repealed.

Table 1. Indicators of retail digitization during before-sale, sales, and after-sale stages

Customer Expectations	Current Use	Future Use
Before-Sale Phase (search for information)		
E-shop	Landing page	E-shop
		APP
	E-mail	Video calls
		Social networks
Sales Phase (payment and delivery)		
Digital applications	Payment by card	Mobile payment
Home delivery		
After-Sale Phase (loyalty programs and customer care)		
Customer cards and loyalty programs	Customer cards and loyalty programs	Customer integration

Source: Bollweg et al. (2016)

The first part of the research focused on monitoring changes in customer requirements to use digitized services in the purchasing process. The group of respondents labeled as customers consisted of a representative sample of consumers from Liberec containing a relative representation of age cohorts according to the composition of the population in this city. Age cohorts were determined according to the overview of the design of the people. The total number of respondents was set at 100. To obtain 100 valid answers, it was necessary to address 241 potential participants in the survey, which means a 41.5% success rate. The vast majority of the 141 customers contacted, who in the end were not involved in the questionnaire survey, either refused to respond or had to be excluded because they did not fit into the study due to their age. The second part of the study focused on digitization from retailers' perspective; in all cases, local owners and operators of smaller establishments with a different range of goods offered. Only brick-and-mortar stores without an e-shop were included in the research. The total number of respondents was also set at 100, as in the case of customers. In the vast majority of situations, the interview was conducted directly with the owners of the stores, in the remaining units of the cases with the responsible managers of the individual establishments. The questions asked were aimed at identifying the perceived needs of these retailers to offer their customers modern services while taking advantage of the opportunities provided by the current level of digitization.

First, the mean values of the collected data at the level of individual indicators were calculated. Subsequently, their development in time was analyzed, both between the specified periods and between groups of customers and retailers. Particular emphasis

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was placed on identifying and deriving the leading causes of the observed changes. Paired t-tests were used to assess the established hypotheses. Each hypothesis was verified separately for each indicator. All calculations were done SPSS Statistics, and all statistical tests were performed at the 5% significance level.

RESULTS OF THE STUDY

Our results may conclude that the first wave of the Covid-19 pandemic had a particular effect on the customer perception of the need to digitalize the retail experience. Before the disease outbreak, a positive mean value was recorded in a total of 8 and negative in 4 examined indicators, while immediately after the 1st wave ended, this ratio changed to 10 to 2 indicators. Initially, customers showed the most significant interest in loyalty programs, but due to the Covid-19, the possibility of communicating with sellers via e-mail, the availability of home delivery services, and the acceptance of payment cards increased in importance. Interest in the use of all ten indicators included in the pre-sale and sales phases between the pre-pandemic and first-wave periods of the crisis increased statistically significantly, mainly in the case of home delivery services and least in video calls and digital applications (see Table 2). Our original assumption that customers immediately after the end of the first wave of the pandemic felt a greater need to use digital tools in the shopping process than before its outbreak was thus confirmed. The total mean value of customer responses calculated from all indicators together was 0.2275 before the outbreak of the first wave of the pandemic. During its duration, it then increased statistically significantly by 0.3242 to 0.5517. Immediately after the end of this period, a statistically insignificant increase of only 0.0016 to the final 0.5533 was recorded. Between the periods before the start of the first wave of the crisis and after its end, there was a statistically significant increase in the mean value by 0.3258 points. Therefore, according to the findings of our research, the first wave of the corona crisis had a positive effect on increasing the level of perceived customer needs of digitizing the retail environment in the shopping process.

Even in the case of retailers, we may observe that the first wave of Covid-19 affected the change in their perception of the need to digitize the retail process. Before the virus outbreak, a positive mean value was registered only in 3 and negative in 9 examined indicators, while immediately after the end of the first wave, this ratio changed to 4 to 8 factors. Initially, the retailers showed the most significant interest in the operation of payment terminals and the resulting acceptance of payment cards and offering the possibility to pay via smartphone and the use of social networks to promote their stores and communicate with customers. The interest of retailers in providing all of the 12 monitored indicators increased statistically significantly

between and before the first wave of the crisis (see Table 3). Retailers most often justified this increase in interest in digitization in retail as an outcome of the government anti-epidemic restrictions, which required a substantial portion of brick-and-mortar stores to be temporarily closed or rebuilt into temporary dispensaries for quarantine reasons.

Table 2. Changes in the differences in customer and retailers perceptions of the need for digitization

Indicator	Recorded change between monitored periods		
	Before – After 1 st wave of Covid-19	After – During 1 st wave of Covid-19	After – Before 1 st wave of Covid-19
E-shop	0.86	- 0.05	0.81
E-mail communications	0.57	0.03	0.60
Mobile applications	0.54	- 0.04	0.50
Chat support	0.27	- 0.10	0.17
Social networks	0.44	- 0.20	0.24
Digital apps	0.27	- 0.05	0.22
Home delivery	0.95	- 0.28	0.67
Payment by card after delivery	0.52	- 0.25	0.27
Online payment by card	1.42	- 0.18	0.24
Payment by smartphone	0.32	- 0.10	0.22
Loyalty programs	- 0.74	0.64	- 0.10
Personalized offers	- 0.53	0.60	0.07

Source: Authors

Retailers, immediately after the end of the first wave of the crown of the crisis, felt a greater need to use digital tools in the sales process than before its outbreak. This hypothesis was confirmed for all 12 observed indicators. The total mean value of retail responses calculated from all indicators was - 0.7317 before the first wave of Covid-19. During its duration, it then increased statistically significantly by 0.6275 to the value - -0.1042. Immediately after the end of this period, it fell again statistically considerably, but only by 0.22 to the final - 0.3242. Between these periods before the start of the 1st wave and after its end, there was a statistically significant increase in the mean value by 0.4075 points. Therefore, according to the findings of our research, the first wave of the corona crisis had a positive effect on increasing the level of perceived need for digitization of the retail environment in the sales process by retailers.

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Table 3. Changes in the differences in customer and retailers perceptions of the need for digitization

Indicator	Recorded change between monitored periods		
	Before – After 1 st wave of Covid-19	After – During 1 st wave of Covid-19	After – Before 1 st wave of Covid-19
E-shop	1.20	- 0.16	1.04
E-mail communications	0.82	- 0.48	0.34
Mobile applications	0.54	- 0.17	0.37
Chat support	0.65	- 0.31	0.34
Social networks	0.60	- 0.37	0.23
Digital apps	0.11	- 0.04	0.07
Home delivery	0.74	- 0.34	0.40
Payment by card after delivery	0.29	- 0.02	0.27
Online payment by card	1.70	- 0.52	1.18
Payment by smartphone	0.55	- 0.15	0.40
Loyalty programs	0.14	- 0.03	0.11
Personalized offers	0.19	- 0.05	0.14

Source: Authors

In addition to the 12 Likert-type scales, the survey also included two binary (yes/no) additional questions concerning the future usage of digital tools. Based on this survey, it was found that in the period before the outbreak of the first wave, the answer YES prevailed in only three monitored indicators out of the 12 (see Table 4). The most significant number of positive responses was recorded for the payment by card and payment by smartphone, while the smallest was recorded for an e-shop, mobile applications, and online card payments. Immediately after the end of the 1st wave of the pandemic, the answer YES prevailed in the case of 4 digital instruments and the answer NO in the remaining 8 cases, with an increase in favorable responses registered in 8, a decrease in 3 indicators.

According to the above-described results, it can be stated that the interest of customers in the digitization of the retail environment was generally higher in all three observed periods than in the case of locally operating small retailers. Before the outbreak of the first wave of covid-19, this trend was explicitly recorded for nine monitored indicators, only for social networks, payment card payments, and smartphone payments; the opposite was the case. During the first wave of the corona crisis, in 8 cases, the differences in the perceived need for these digital tools between customers and retailers decreased, in 3 on the contrary, they increased, and in 1 situation, specifically for mobile applications, there was no change (see Table 5). It

is essential to mention that a more considerable increase in interest in digitization was registered for retailers for a total of 10 of the 12 monitored indicators, only for home delivery service and card payment, the interest increased for the customers. The probable explanation for this observed development is that retailers started with a significantly lower level of interest than customers (the difference in the original overall mean values between the two groups was 0.96 points), so they may have a greater tendency to grow. Digital adaptation in times of the Covid-19 pandemic has become a condition for the very survival of many businesses. Immediately after the end of the first wave of the pandemic, the differences in the perceived need to use digital tools between buyers and sellers widened again.

Table 4. Changes in the differences in customer and retailers perceptions of the need for digitization

Indicator	Before 1 st wave of Covid-19		After 1 st wave of Covid-19		Change before - after
	Yes	No	Yes	No	
E-shop	0	100	64	36	64
E-mail communications	47	53	37	63	-10
Mobile applications	1	99	14	86	13
Chat support	15	85	18	82	3
Social networks	58	42	72	28	14
Digital apps	13	87	16	84	3
Home delivery	22	78	22	78	0
Payment by card after delivery	90	10	85	15	- 5
Online payment by card	6	94	34	66	28
Payment by smartphone	87	13	82	18	- 5
Loyalty programs	20	80	32	68	12
Personalized offers	10	90	11	89	1

Source: Authors

Differences in the interest in the use of monitored indicators between customers and retailers in the overall comparison of the period before the beginning of the 1st wave of the crisis and immediately after its end increased statistically significantly in three cases (e-mail communication, digital applications, and home delivery). Mobile applications and social networks were not statistically insignificant; in one case, specifically for card payments, they did not change at all, for three digital tools (e-shop, smartphone payment, and personalized offers), they decreased statistically

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insignificantly, and finally for three remaining indicators (video calls, online payment by credit card and customer card), there was a statistically significant decrease. The absolute difference between the mean values of the customer and retailer responses, calculated from all indicators together, was 0.9592 before the outbreak of the first wave of the crisis. During the lockdown, it then decreased statistically significantly from 0.3033 to 0.6559. Immediately after the end of this period, it increased again statistically considerably, but only by 0.2216 to an absolute difference of 0.8775. Before the beginning of the 1st wave of the crisis and after its end, there was an overall statistically significant decrease in the difference between the mean values by 0.0817 points. Therefore, according to our research findings, the first wave of the Covid-19 had a positive effect on reducing the level of the difference in the perceived need to digitize the retail environment in the shopping process between customers and retailers.

Table 5. Changes in the differences in customer and retailers perceptions of the need for digitization

Indicator	Recorded change between monitored periods		
	Before – After 1 st wave of Covid-19	After – During 1 st wave of Covid-19	After – Before 1 st wave of Covid-19
E-shop	- 0.34	0.11	- 0.23
E-mail communications	- 0.25	0.51	0.26
Mobile applications	0.00	0.13	0.13
Chat support	- 0.38	0.21	- 0.17
Social networks	- 0.16	0.17	0.01
Digital apps	0.16	- 0.01	0.15
Home delivery	0.21	0.06	0.27
Payment by card after delivery	0.23	- 0.23	0.00
Online payment by card	- 1.28	0.34	- 0.94
Payment by smartphone	- 0.23	0.05	- 0.18
Loyalty programs	- 0.88	0.67	- 0.21
Personalized offers	- 0.72	0.65	- 0.07

Source: Authors

CONCLUSION

The study focused on examining the approach to digitization in retail by customers and retailers in situations significantly affected by the first wave of the global

epidemic of Covid-19. The research was carried out during three monitored periods marked by the introduction of anti-epidemic measures in the spring of 2020 and their subsequent dismantling. The research presented in this chapter focused on the validity of 3 predetermined hypotheses. The first hypothesis assumed an increase in the customer perceived need for digital tools in the shopping process between the period before and immediately after the outbreak of the first wave of Covid-19.

According to the data collected in our research, it was the onset of the first wave of Covid-19, which increased the already significant customer demand for digitalization of the purchasing process and finally forced many retailers to reconsider their hitherto negative or neutral attitude to technological innovations. As many vendors have consistently stated, when the government has closed most brick-and-mortar stores on the back of anti-epidemic measures, digitization has suddenly been almost the only way for them to at least partially continue their business and bridge this difficult period. Although most of them considered the computerization of the purchasing process and the related introduction of ancillary services to be a necessary evil, some changed their views over time and began to see it as a source of competitive advantage. Other retailers admitted that they did not like the digitization during the first wave of the pandemic and returned with the first day of dismantling to the original business model based purely on physical contact with customers in their stores without any digital support. This situation opens up space for the continuation of research within a longer time horizon, based on which it would be interesting to find out which of these conflicting views among retailers will prevail in the future and whether the current digitization trend will be maintained or will gradually decline again to pre-crisis levels.

As Hendra and Kaihatu (2019) state in their research, today's customer is much more complex and generally more demanding than in the past, and he has a lot to choose from, which he is well aware of. For the seller to attract him to his shop, convince him to buy the selected product, and gain his trust for further purchases, it is necessary to start using various digital channels effectively. This primarily means keeping customers sufficiently and up-to-date informed, but only to such an extent that they do not feel bothered and at the same time only by such communication paths that each of them prefers. It is not possible to limit oneself only to some of the information channels, for example, according to the subjective choice of the trader himself, because different platforms work and target shoppers differently. Individual customers want to communicate in a way that suits them best, to which they are accustomed, and which they consider appropriate. It is, therefore, up to the retailer to respond to their requirements quickly, flexibly, and adapt sufficiently (Martin-Neuninger & Ruby, 2020; Ladsawut and Nunkoo, 2017).

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KEY TERMS AND DEFINITIONS

Behavioral Pattern: Behavioral patterns are supposed to simplify our lives; they allow the brain to not learn the same thing over and over again, i.e., one would not be able to devote oneself to the things on which one needs to focus one's conscious attention if this were not the case. We distinguish patterns of behavior into those that are innate, those acquired through evolution and learned, and those acquired through the environment in which we live. From an evolutionary point of view, there

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is a distinction between three levels in the development of behavior: biological, psychological, and social. Thus, the pattern of behavior is the behavior that we subconsciously follow in our daily lives.

Customer Behavior: Behavior that characterizes a person in acquiring, using, and discontinuing the consumption of a particular product or service. The frequency of purchase, the attitude toward the product and the reasons for purchase (or reasons why the respondent stopped using the product or service) are most often monitored.

Delivery Service: A courier or delivery service is a service aimed at delivering a shipment to a destination; it is similar to a postal service. Compared to the postal service, there is a significant difference in the speed of transport, which is usually faster, the method of loading and the price of transport. This transport allows considerable flexibility in changes in the delivery address or in the volume of transported goods. The courier service consists of the immediate collection of the consignment from the sender and the subsequent handover of the consignment to the addressee.

E-Commerce: Electronic trading is a form of trading that substantially uses modern electronic means of communication to carry out business transactions (with its own organizational units, with suppliers, and with customers). The basic infrastructure is the internet; however, other electronic means are often used, such as e-mail, telephone or payment cards.

Green E-Commerce: Green e-commerce includes all activities carried out to conduct and facilitate all online transactions aimed at satisfying human needs and desires with minimal harmful impact on the environment.

Online Grocery Shopping Platform: An online store that offers an assortment of groceries and beverages that the customers may order online and have delivered to their home without having to go to a brick-and-mortar shop.

Pandemic Lockdown: The pandemic lockdown describes the restrictions of the free movement of persons and the range of services imposed by individual governments around the world in response to the spread of COVID-19 in 2020 and 2021.

Chapter 1

Surviving Disruption and Uncertainty Through Digital Transformation: A Case Study on Small to Medium- Sized Enterprises (SME)

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ABSTRACT

Digital transformation enables SMEs to reshape their business models to respond to changing consumer needs in today's COVID-19 environment. The aim of this research is to investigate the key factors affecting the success of digital transformation among SMEs in Australia using a qualitative approach. The aspects perceived as important are digital capability and leadership capability. Understanding of digital trends and opportunities as well as strategic directions is a critical factor driving digital transformation. The research findings indicate that the SMEs in Australia are not best placed to leverage digital technology to transform business models, innovate products and services, and revolutionize operations. This research recommends that Australian SMEs embark on digital strategies that enable the transformation and take advantage of digital platform initiatives to employ new business models to boost revenue and improve customer experiences and competitiveness as companies and consumers are moving online and embracing e-commerce and new digital reality.

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INTRODUCTION

The COVID-19 crisis has caused and is causing the lockdowns of countries, significant disruption or temporarily closure of business operations. These restrictions and disruptions of business activities have more severe effects on SMEs than multinational corporations as they are more vulnerable due to lack of financial and human resources and a little knowledge of use of digital technology and digital transformation during the COVID-19 pandemic (Papadopoulos, Baltas & Balta, 2020). The challenges faced by SMEs have implications for global economy and society as SMEs play an important role in economic growth and employment creation in both developing and developed countries.

The COVID-19 crisis has illustrated the performance gap between organizations that invested heavily in technological innovation before the pandemic and those that did not (ABS, 2020). Hunt, Sneader and Sternfels (2020) observed that strong digital foundations such as Omni-channel sales and delivery are helping companies adapt the crisis quickly to maintain a majority of their revenue during lockdowns. Although this crisis drives greater demand for Internet services, a few SMEs have digital capacity to transform their business operations in case of COVID-19 pandemic (Chakraborty, 2020). This chapter attempts to help SMEs to start and accelerate to new levels of digital transformation to serve new customer expectations, adapt to the changed business environment and pivot to new growth opportunities. It is important that SMEs rethink digital transformation in the era of COVID-19 and beyond and start their digital journey with a new urgency, strategy and mindset. The aim of this research is to investigate the key factors affecting the overall success of digital transformation among SMEs in Australia using a qualitative approach.

This research is significant as digital transformation is not a choice but a matter of survival in today's COVID-19 situation and globally competitive environment. It is evident that SMEs need to understand and to embrace it during COVID-19 and beyond as expectations from customers to suppliers will forever be changed (Singh, 2020). They will continue to expect these digital offerings as a new normal even in the wake of the pandemic crisis. It is crucially important for small businesses to understand the potential and impact of digital transformation as digitally engaged businesses are more likely to grow and remain competitive in the future (Fan, 2016).

The rest of the paper is organized as follows: Firstly, the researchers give an overview of the impact of COVID-19 on SMEs and digital transformation through the literature review section. Then the researchers describe the research methodology that they used to address the research problem. The researchers then discuss the relevant issues and present the findings of this research. The researchers conclude the paper and discuss directions for future research in the final section.

LITERATURE REVIEW

The review of literature provides an overview of the challenges faced by SMEs in their different sectors and regions around the globe and their responses to the COVID-19 crisis. Bartik et al. (2020) demonstrated how COVID-19 was affecting SMEs in the United States and stated “43% of businesses were temporarily closed and they had to reduce jobs by over 40% as they did not have enough capital to cover two months of expenses or less” (Cited in Klein & Tedesco, 2021). Humphries, Neilson, and Ulysea (2020) show a consistent result of the effects of the COVID-19 pandemic on American small businesses in their survey (Klein & Tedesco, 2021). 59% of the survey respondents reported that they have laid off a significant number of their employees and 30% the respondents believe it would take more than two years to get their business back to the same level as it was before COVID-19 (Klein & Tedesco, 2021). Sandberg, Stanford, and Buttle (2020) reported that 31% of SME owners and managers were struggling to get access to capital to keep their business up and running due to the changes in customer purchase behaviour during the COVID-19 lockdowns. According to Sandberg et al. (2020), in the United States, 51% of small businesses reported that they conducted online interactions with their customers while 35% of SMEs moved their sales and part of business operations (e.g. payment transactions) online (Klein & Tedesco, 2021).

SEBRAE (2020) analysed Brazilian SMEs behaviour during COVID-19 crisis and found that 44% of the companies surveyed said their company would not work with the restrictions and lockdowns as the business only operated offline and there was a huge negative impact on the revenues of these companies (Klein & Tedesco, 2021). Social networks such as Instagram, Facebook and WhatsApp were widely used by the Brazilian SMEs to promote sale and transactions were made through their bank apps (SEBRAE, 2020). The same study also shows that 3.1% of the SMEs were able to create partnerships for joint deliveries of products; 2.6% of SMEs began selling directly to the customers, without needing any intermediary; and 2.1% started to buy directly from suppliers, excluding sales representatives from the supply chain (SEBRAE, 2020 cited in Klein & Tedesco, 2021). 4.7% redesigned their position in the supply value chain and 3.1% searched for local partnerships to help (SEBRAE, 2020 cited in Klein & Tedesco, 2021).

Researchers observed that the COVID-19 situation triggers changes in customer behaviour, market locations and supply chains but opportunities may come from this disruption and digital technology and transformation can help businesses to take advantage of this window of opportunity (Klein & Tedesco, 2021; Papadopoulos, Baltas & Balta, 2020). According to Baig, et al (2020), “this crisis has accelerated the adoption of digital technologies by approximately 5 years in 8 weeks” (Baig, et al, 2020). Papadopoulos, Baltas & Balta (2020) reported “51% of SMEs consider

digital transformation as necessary to ensure their future competitiveness and two fifth of management view digital transformation as their top priority in UK". Van den Born, Bosma, and Van Witteloostuijn (2020) conduct a study on the impact of digital maturity on organizational survival and success in Netherlands and conclude that the more digitally mature an organisation was, the easier it is to survive in times of crisis (e.g. COVID-19).

The impact of digital technology and COVID-19 on businesses means that speed of change is very rapid. Businesses need to make significant efforts in the way they respond to change in COVID 19 by operating in different ways to the past. Digital transformation is an approach on how a company changes their business model, customer experiences and operational processes to adapt to the way customers want to find, explore, buy and interact with their goods and services in the digital age and in COVID-19 crisis (Gunasilan 2019; Chakraborty 2020). Wade (2015) defines digital transformation as "organisational change through the use of digital technologies and innovating business models to improve performance". Many argues that digital transformation has more to do with adapting to digital technology, culture, process and practice rather than just adopting digital technology in organisations (Agarwal et al 2010, Chaffey, Hemphill and Edmundson-Bird 2019). According to Westerman, digital transformation requires a "radical rethinking of how an organization uses technology, people and processes to fundamentally change business performance" (Westerman, 2014). It is apparent that digital transformation involves both adapting the existing business to a digital opportunity and adopting a digital technology into a business (Chaffey, Hemphill and Edmundson-Bird 2019).

On the other hand, Cunningham, Goh, and Koh (2020) reveal that SMEs' managers may suffer from the lack of knowledge to understand the new consumption patterns and supply–demand relationship. Scholars and researchers have been discussing how SMEs can adapt and respond to the new customer demands, which digital technology products or services to invest, how to use digital technologies to reconfigure their operations and business models and to be better prepared for uncertainties and disruptions (Arkan, 2016; Erbert & Duarte, 2018; Mahraz, Benabbou, & Berrado, 2019; Ravindran & Boh, 2020; Klein & Tedesco, 2021). Researchers also offered a perspective on how companies can capitalize on digital technologies and capabilities by adoption of a digital platform strategy (Sharma et al.,2020). Sharma et al. (2020) proposed the digital industrial transformation framework in an effort to help companies transition from a traditional model to become a digital business. The framework starts with developing strategy, followed by redesigning business model, assessing organisational capabilities, reinventing operating model and transforming processes (Sharma et al.,2020). Leaders examine each decision on these main elements to ensure agile mindset, digital adoption and customer success (Sharma et al.,2020).

To help businesses to navigate the maze of digital transformation, researchers proposed a digital maturity model as a business tool to assess the current status of digital capability and leadership capability that exist within an organisation and identify areas for directions and actions. Bonnet and Westernman (2021) developed a digital maturity model that has two key elements: digital capability and leadership capability. The digital capability enables companies to use innovative technologies to improve business performance while the leadership capability empowers them to transform digital technology into their competitive edge (Bonnet and Westernman, 2021). The Department of Industry, Innovation and Science (DIIS) defines digital maturity as “the extent to which a business uses digital technologies to improve its performance and competitive advantage” (DIIS, 2016 p.89) and suggests a four-stage model of digital maturity based on how businesses adopt digital technologies and management capability to determine the status of the digital maturity level of Australian businesses. There is strong evidence that digitally mature companies are in a strong position to take advantage of the opportunities afforded by digital technology (DIIS, 2016). Chaffey and Ellis-Chadwick (2019) present a four stage model for digital business development that have the four stages of (1) Web presence (2) E-commerce. (3) Integrated e-commerce (4) Digital business while Levy and Powell (2003) adopted the four stages of (1) publish (2) interact, (3) transact (4) integrate. Their research evidences also show that companies who use digital technology at a minimal level are less competitive and running the risk of being left behind in the digital business environment (Levy and Powell,2003, DIIS, 2016).

Understanding how SMEs can effectively adopt digital strategies to facilitate their growth will have positive implications for the national economy (Fan, 2016). Researcher have found that SMEs with a high level of digital maturity are more profitable, survive longer and grow larger (Fan, 2016; Deloitte Access Economics, 2013). However, “a survey shows only 16% of Australian SMEs with a high level of digital engagement and the vast majority of SMEs are not fully engaging with digital strategies” (Deloitte Access Economics, 2013 cited in Fan, 2016). A more recent research demonstrates “when small businesses are digitally engaged, they are 50 per cent more likely to be growing revenue, eight times more likely to be creating jobs, seven times more likely to be exporting, and 14 times more likely to be innovating new products or services” (Sneider & Singhal,2021). Small businesses are at risk of missing opportunities that the digital economy opens up if they do not embrace a digital transformation strategy. While there are considerable studies on small business going online in the research literature, the vast majority of these studies have focused on the adoption of digital technology in SMEs. This research attempts to address this lack by analysing and identifying the factors affecting digital transformation in SMEs and adapting the existing businesses to a digital opportunity.

It intends to help SMEs to survive disruption and uncertainty and to reach their full potential through digital transformation.

METHODOLOGY

A qualitative case study approach is used in this research as it allows for an in-depth examination of contemporary phenomenon (Yin, 1998). Case studies are appropriate for the purpose of this research as they provide flexibility for generating a multidimensional picture of how SMEs can survive disruption and uncertainty through digital transformation. Drawing on the analysis and findings of our desk research in the early phase of the research, three business cases of SMEs based in Sydney Australia are selected in this research. Each case study involved detailed digital transformation assessments of a particular business and in-depth interviews with the relevant senior managers and/or SME owners. A total of 6 semi-structured interviews and digital maturity assessments of the participating SMEs were conducted between September and November 2020. Each session lasted about two hours. All interviews were digitally recorded and transcribed. Interview is appropriate for the purpose of this research as the categories of response are focused but not necessarily pre-determined. In addition to the interview data, we gathered the data and information in the areas of use of digital technologies in business processes and operations, and customer engagement, business models, digital business initiatives and strategies, management practices and leadership in relation to digital transformation. These data and information were collected from industry, government and media reports as well as internal documents of the selected companies to complement the interview data and assist the researchers in developing a comprehensive understanding of the phenomenon under investigation and achieving data triangulation and verification through cross references.

Based on the interview data and the desk research, this research conducted a digital maturity assessment for all participating SMEs to help them understand challenges and identify opportunities and inform their digital transformation strategy. This research proposed a four-stage model to assess the level of digital maturity of the participating businesses. The four stage model was drawn upon and adapted from DIIS (2016) and Chaffey and Ellis-Chadwick (2019) and Bonnet and Westernman (2021)'s model as shown in table 1.

The data obtained from the interviews were analysed inductively. This research use categorizing, coding, and contextualization techniques to look for patterns and themes both within-case and in cross-case analyses. Data analysis was performed in an iterative manner which allow the researchers to iterate between the primary interview data and the relevant secondary sources of data on digital transformation.

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This method was systematic and inductive in nature, which allows for collaborative qualitative analysis. The researchers repeatedly read the interview transcripts to capture the meanings of the participants in each case setting and code the interview data into the themes of digital transformation found in the relevant literature and the digital maturity model in Table 1. During this process, the researchers engaged in constant comparison and contrast of the participants' views of digital on in each case setting and attempted to identify the factors affecting adoption of digital technology and digital transformation, looking for both similarities and differences across the cases. During this stage, differences in the open coding among the different researchers were discussed to arrive at a shared understanding of how digital transformation evolves in the SMEs over time. Through numerous discussion and revisiting the data to seek confirmation and validation, the researchers were able to identified the factors affecting SMEs digital transformation in response to Covid-19 crisis and digital disruption. The findings and discussion were presented in the next section in an effort to offer insights on how SMEs can embark upon their digital transformation journeys now and in the future.

Table 1. Stages of Digital Maturity

Stage 1	Companies use basic Internet technology such as simple web presence, email and social media to communicate with customers and suppliers.
Stage 2	Adoption of digital technologies (e.g. social media, having a web site or engaging with online platforms) enable companies to improve business operations and enhance customer experience.
Stage 3	Integrated use of advanced digital technologies (e.g. artificial intelligence, Internet of Things, 3D printing, cloud computing, mobile apps, e-commerce services, big data and analytics) enable companies to transform business operations and supply chain and customer experience). Buy - and sell –side e-commerce is integrated with digital platforms or connected with internal business processes.
Stage 4	Digital capability and leadership capability enable business transformation. Companies shift from doing digital business to being a digital business and achieve full digital maturity (e.g. digital business culture and practices and strategy with a clear vision of the company's digital future).

Source: Adapted from DIIS (2016) and Chaffey, Hemphill & Edmundson-Bird (2019) and Bonnet and Westernman (2021)

FINDINGS AND DISCUSSION

The level of digital maturity has been assessed in the organisations selected according to the stages of digital maturity in table 1. Company A is at the early stage of digital maturity as they use basic digital technology such as Internet connection and emails to communicate with suppliers and customers. Company B and C are

at the developing stage of digital maturity as they have a website and use social media to improve business operations and customer experiences. In addition to a basic website, Company B has developed its own mobile app before the COVID-19 lockdowns. Table 2 presents the company profile and the stages of digital maturity.

Table 2. Case profile and digital maturity of the selected companies

	Company A	Company B	Company C
Year established	1998	2001	1995
Industry	Manufacturing company	Service provider	Convenience Stores operator
Size of company	12 employees	17 employees	22 employees
Stages of digital maturity	Stage 1	Stage 2	Stage 2

Source: Interview data and company documents

Based on the analysis of the data, the aspects perceived as important in digital transformation include digital capability and leadership capability, which enable companies to transform themselves into a digital business to stay competitive in a sustainable way (Bonnet and Westernman, 2021). During the interviews the following aspects were often mentioned by the interviewees as having a significant impact on their ability to transform business operations, customer and employee’s experiences.

Lack of commitment, investment and confidence were commonly perceived barriers in the selected businesses. Business adoption of digital technology tends to be driven by benefits and restricted by perceived cost and risk of change (Chaffey, Hemphill & Edmundson-Bird 2019). The managers of the participating companies were concerned about the returns on their investments in digital technologies. This uncertainty was exacerbated by a lack of cost and benefits analysis on their investment and reasonable knowledge about digital system setup and running costs (Fan, 2016). The managers interviewed said “if anyone can guarantee the return on investment, we are happy to spend more on adoption of digital technology into our business.” The perception of these risks resulted in limited adoption of digital business in these companies. Their average investment in digital technology has been mediocre over the past decade and it was mainly focused on improving IT systems. Digital transformation requires that business goals and their technology investments are aligned in order to address the challenges of the future.

Lack of understanding of relevance of digital transformation to their companies has been identified as a serious barrier by the managers interviewed. Their limited understanding of the business application of digital technologies that enable the

transformation make them reluctant to take further actions. Two manager interviewed say that “we have a great CEO, however if there is anything to improve, we believe knowledge and skills in digital technology are needed to help drive business transformation”. “we talk a lot about digital technologies, for instance, use of AI or migrating to cloud, we are aware of the importance of going digital but often take a wait and see approach in moving towards digital transformation.” The managers interviewed showed lack of confidence in their companies’ digital abilities to achieve business goals. They commented “we have not really directed our resources toward artificial intelligence, machine learning, and the Internet of Things as we are not sure how these technologies will drive market trends and waves of digital disruption”.

As the managers interviewed pointed out, lack of understanding of digital trends and opportunities and strategic directions has prevented the companies from acting on digital transformation. It’s clear that the COVID-19 pandemic is driving the need for digital transformation in virtually every industrial sector and organisations. The COVID-19 crisis has resulted in permanent change to consumer shopping behaviour and ways of conducting business across the globe. Online shopping is expected to further increase as the existing behavioural trend is accelerated, which will lead to a new normal coming out of the crisis. Convenience and continued pandemic restrictions such as social distancing topped the list of reasons for online shopping in Australia. Online demand has increased for a wider range of categories of products and services. As the pandemic unfolded, the owners and managers of the selected companies found themselves grappling with unprecedented challenges as they had to move from traditional markets and business activities to digital environments with new customer online demand, digital supply chain and employees working remotely from home. The trends are clear that consumers are empowered by digital platforms such as e-commerce, social media and mobile apps to do their shopping. As more consumers are moving online, companies have to adapt to changes in the new situation if they want to reach them (Sneider & Singhal,2021). Omnichannel selling will become the new normal in Business to Consumers (B2C) as the public cloud platforms such as the Amazon Web Service (AWS) and Alibaba’s Cloud (Ali Cloud) are moving into this space. Business to Business (B2B) e-commerce adoption will become inevitable. According to the McKinsey research, over 80% of B2B buyers and sellers prefer digital engagement over face-face human interactions as they found it was easier for them to identify new suppliers, get information, place orders and arrange delivery services (Bages-Amat, et al. 2020). Only about 20 percent of B2B buyers even in sectors where in-person sales models have traditionally dominated wish to return to face-face human interactions (Bages-Amat, et al. 2020). The COVID-19 crisis has pushed B2B companies over the edge when it comes to digital transformation. B2B companies especially SMEs must rethink their products and

services to survive and thrive in a digital environment. These new trends have huge implications for how quickly SMEs can digitally pivot their businesses in the future.

The COVID-19 outbreak has led to a major change in business conditions for B2B and B2C companies due to extraordinary online demand for products and services across the globe. Companies are turning to digital technologies such as artificial intelligence, Internet of Things, cloud computing and mobile Internet to improve operational efficiencies. However, the participating companies have difficulties to add these digital technologies into their supply chain and traditional business processes and struggle to leverage digital technology to drive business growth and operational efficiencies at same time. The business owner interviewed said “our company are happy to use advanced technology to improve productivity and operations, I mean we are using digital technology to get jobs done faster and cheaper but we never thought we could create value or innovate our business models through digital technology.” As one business owner told us, “when it comes to selling directly to consumers, we do not know how to do it digitally and we have had well established networks of retailers and distributors and we are a B2B company in the manufacturing industry”. The small manufacturer has a traditional business model of the production and sale of products and their digital maturity is at the most basic level. For this company, the most challenging part of the digital journey lies in knowing where to begin and how to get there as selling and buying online requires the development of digital capability and skill as well as new business and revenue models. A platform ecosystem strategy is an approach to entering a market which revolves around the task of allowing platform participants to develop a trust-based relationship with each other on the platform and connect disparate parties such producers, consumers and other stakeholders (Church,2017). It helps SMEs managers tackle the challenges of value creation and selling online and greater market penetration. The managers said “our company has shifted to online ordering and delivery via the online platforms in its response to the COVID-19 crisis during the lockdown. To be honest, many online platforms came to us before the COVID-19 lockdowns but we just ignored them. The drive to maintain operations disrupted by COVID-19 has made online platform strategy a top priority for us as we do not have digital capacity to build our own online platform but can still use a third party online platform to keep our business going”.

The COVID -19 pandemic revealed vulnerabilities in the current business models of the companies selected in this research. As uncertainty and disruption are not unusual nowadays, a platform strategy has become increasingly prevalent during the COVID -19 crisis. Platform based markets are often described as multi-sided in that platform owners provide access to and support interaction among multiple groups of participants such as consumer, sellers, suppliers, third-party service providers (Zhu &Liu, 2018). Examples of platform-based markets include video game consoles,

smartphones platforms (Google's Android and Apple's iOS), online auction markets, search engines, and social networking sites and e-commerce platforms (Zhu & Liu, 2018). Thousands of entrepreneurs and SMEs have built businesses and sell products and services on such platforms and collectively they create significant business value for each platform they participated (Zhu & Liu, 2018). The most common rationale given by companies that use platforms is that they make it possible to "shift the traditional model of value creation from inside organizations to enabling external value-creation from an extended ecosystem of participants" (Dawson, 2018). Therefore, a digital platform strategy can help companies drive business growth and improve efficiency of operations and supply chain simultaneously. Another significant motivation, voiced by more than 20 percent of respondents in the McKinsey survey, is "the desire to develop a bigger base of customers across categories at scale, often with an eye to driving down prices and aggregating related data into a shared, cloud-based utility" (Bughin, Catlin & Dietz, 2019). Li et al., (2017) state that digital platforms such as Amazon and Alibaba allow the SMEs to not only conduct business online but also to expand and grow their businesses in new markets. Platform services providers help SMEs with technical functionalities, which supports the SMEs in leveraging technology and resources of the established platforms to acquire software tools and new analytic skills and to build new operational capabilities to satisfy customer needs (Li et al., 2017). They also offer the SMEs with data analysis functionalities, allowing SMEs to know more about their businesses and customers. In this case, the participating B2B company with the established distributors and retailers do not often necessarily know the purchasing behaviours of their consumers. But platforms can help the company with the use of big data and analytics to monitor user's behaviour and buying habits through various digital channels and contact points to get a better understanding of consumers' needs and wants. Furthermore, platforms normally include "an omnichannel infrastructure that seamlessly spans customer self-service, field service, and the customer contact centre and streamline quotes, advice, and orders related to spare parts, and deliver a superior customer experience" (Meffert, Patel & Stuetzle, 2019). Research shows that B2B ecosystems as a new strategic approach can help SMEs to create value and improve sales and customer experiences (McKinsey & Company, 2019).

Partnering with digital platforms offer companies opportunities to transform their business models in a cost effective way. According to the McKinsey COVID-19 US digital Sentiment Survey (McKinsey & Company, 2020), it is evident that consumers are adopting digital channels at a faster speed across the global as a result of the COVID-19 crisis. Companies who wants to succeed in the digital-led recovery must quickly reconfigure their business models and operations and reset their digital agendas to meet new customer needs (McKinsey & Company, 2020). Online platform strategy is considered a path towards digital transformation as it

changes the way companies do business radically. Jin and Hurd (2018) observe that digital platforms such as Alibaba and Amazon not only have changed the way in which SMEs operate across borders but also enable them to connect directly with consumers, suppliers and other business partners quickly despite their company size and resource constraints. B2B or B2C Platforms are also enabling growth for SMEs that have traditionally eschewed digital transformation by providing them with value added business services. The managers in the participating companies recognised the importance of focusing its strategies on digital platforms rather than traditional offline retail channels. The interviewee stated “we are looking to the new way of serving customer via online platforms. COVID-19 made us realise that we need a better long term plan in dealing with the crisis like this. We are not only cooperating with the platform based companies such as Uber Eat and Deliveroo in serving customer but also considering to develop a new program so that our stakeholders have easy access to product and services we offer, I think we should act on this as a matter of urgency to satisfy our customer needs”. There are a range of strategic choices to make in developing platform strategy. One of the most critical decisions is whether to build your own platform or to participate in existing platforms. Each approach comes with potential advantages. A new platform can be extremely valuable and provide the basis for new products and services offerings. However, launching a digital platform involves strategic choice, business model redesign, new operating model and acquisition of necessary people, processes and technologies (Sharma et al, 2020). In evaluating whether to proceed with a platform-based strategy, Companies should look at what capabilities required to build and sustain a platform and what business processes, technology and management systems required to win. It is not always viable to build your own platform. Scalability could also be an issue when SMEs develop their own platform or using a completely in-house platform. After analysing the company’s internal capabilities and the level of digital maturity, it has become clear that ecosystem partnerships are best suited for this company to deliver the desired customer experience, achieve greater market penetration and execute innovative business model and revenue model. To participate in established platforms, it is essential for the company to have a clear strategy for platform participation. This begins with clear analysis of the platform choices the company has in order to make an informed decision. Although the participating companies showed their interest in developing a digital platform strategy, they do not have a clear path to becoming a digital platform business. There are a range of key points in designing a successful platform strategy that need to be taken into consideration. At the heart is being clear on what your online value proposition and revenue model are. The shift from producing and selling products and services to a platform model requires creating tangible value-add for customers and to all participants involved

and facilitating external participants and building engaged communities (Dawson, 2018). It is critical to enhance user experience in platforms through improving interactions and data collection and analysis capabilities (Dawson,2018).

Lack of digital strategy and innovation is another source of concern in the companies selected for this study. Digital transformation has much more to do with strategy, innovation and new ways of thinking. The current low level of digital engagement and maturity further highlights these concerns. Puthiyamadam (2017) observed how the meaning of digital transformation has evolved over the past decades. The word of digital was used equivalent to “IT” and digital strategy was largely ignored by senior management in the companies a decade ago but CEOs nowadays recognize how much their digital strategy influences business goals and the importance of getting involved in strategic planning from marketing, sales to operations. The four business owners and managers interviewed reported that their business has yet to adopt advanced digital technologies to transform their operational capability and customer experience. The respondent said “I know that just updating technology is not enough, you have to know how to choose the right new technologies, and use them in the right way to generate innovation and sustainable competitive advantage”. The interviewee commented “while senior management recognise the importance of digital, they were mainly focused on digitizing legacy operations and IT systems. There is less priority being placed on innovating and implementing the latest technologies into our products and services”. However, McKinsey analysis shows that putting extra effort and expense into business model innovation and product innovation makes sense as investments in creating new value or building new digital business can produce twice the returns of investments in digitizing core businesses (McKinsey & Company, 2019). The managers reported “we are not aware of any business strategy documented to lead the company’s digital efforts into core business.” Digital business transformation is clearly a strategic business issue rather than a technical issue. It requires a clear and coherent digital strategy in place to ensure putting digital technology into the service of business objectives and identifying the digital trends and opportunity for businesses. The selected companies should start their platform journey with a vision statement that articulates objectives for its platform-based business and ensure that all stakeholders understand intended outcomes and work together toward digital transformations goals. Business leaders should consider business strategy alignment with a platform-based business model and operating model and understand the platform’s target customers and platform capabilities to address unmet needs of users and differentiate their business offerings from the actual products and services that platforms make available to target customers. This finding is consistent with the arguments made by Kane et al. (2015) that it is strategy, not technology that drive digital transformation.

Lack of skilled staff and competence in digital transformation has also become a pressing issue for these companies participating in this research. Businesses must think strategically about how they can create better customer and employees experience through their digital initiatives. Research shows that the human experience that surrounds digital technology is vital to raising an organization's success of digital transformation (Puthiyamadam,2017). However, the manager interviewed said "our companies are mainly focused on customer experiences while the motivations, expectations, and behaviours of employees were largely ignored in the enterprise. Without proper training and learning, it is very difficult for employees to cope with the challenges of digital transformation". While management recognizes the importance of the digital transformation, the rapid evolution of both digital technology and consumer behaviour are making it more difficult for businesses to keep up with the learning curve, let alone stay ahead of it. Organizational change processes need to keep pace to provide employees with the means to be more agile (McKeown,2017). Organisational development and learning should be done in innovative ways that fit the profiles of employees (McKeown, 2017). It is essential for business to enable its employees to immerse themselves every stage of digital transformation. Effectively implementing digital strategy requires transforming employee experience and organisational structures and culture as digital transformation involves adapting the existing business to a digital opportunity (Chaffey, Hemphill and Edmundson-Bird 2019). A McKinsey survey conducted in May 2019 reveals that 90% of the companies surveyed would need to address reskilling or upskilling issues in the next five years (McKinsey & Company, 2020). Papadopoulos, Baltas, & Balta (2020) emphasise that it is people who deal with the challenges of business disruption and uncertainty through their use of digital technology even though digital technologies are at the epicentre of today's organisations.

Business leaders need to rethink how to use advanced digital technologies such as AI and machine learning, Internet of Things, big data analytics to conduct business in fundamentally different ways (Bonnet and Westernman, 2021). Developing strong leadership capability is essential to drive business model transformation as it requires a fundamental shift in business processes, technology systems, culture, people and mindset. As COVID-19 accelerates the shift of offline to online activities, it requires a constant support from top management and business leaders given specialised skills and the investment required. The success of a digital transformation strategy is not only in technology but also in the way companies communicate, organize and empower their employees and partners (McKeown,2017). It is important for business leaders to make it clear to the organization that a digital transformation strategy is a senior management decision and demonstrate this commitment of the organisation through swift actions, detailed plans and the creation of strategic taskforce in digital transformation (McKeown,2017).

Digital transformation requires innovative digital ways of doing business such as significant adjustments in people, processes and systems. SMEs should have the appropriate digital capabilities, culture, and people in the organisation to experiment and practise how digital technology will affect current and future business process and models. It is critical for SMEs to take a strategic approach to be ready for the digital future as opportunities may come from disruption and challenges.

CONCLUSION AND FUTURE RESEARCH

As an important part of the Australian economy in terms of making contribution to Gross Domestic Product (GDP) and employment, many SMEs are challenged to survive in the pandemic crisis and digital disruption. However, companies that invest ambitiously and timely in their online business are likely to be more effective, competitive and potentially more profitable as the pandemic is rapidly shifting customer behaviour toward online channels. SMEs have been slow in moving toward digital transformation despite its benefits, due to the various factors identified in this research. This research reveals that the participating organisations are at the early and developing stages of digital maturity but they have improved at embracing digital transformation since the outbreak of COVID-19. The findings of this research suggest that the current state of digital transformation in the organisations selected can be best viewed as using digital technology to improve their business operations and customer experience in a limited way and provide basic information and services online. The underlying factors affecting the overall success of digital transformation have been identified and discussed based on the analysis of the interview data. The aspects perceived as most important are digital capability and leadership capability. Understanding of digital trends and opportunities as well as strategic directions is critical factor driving digital transformation. The other key factors affecting digital maturity identified from this research include lack of understanding of benefits of adoption of digital technology to their business, absence of digital strategy to bring transformative change to business, lack of skills and perceived cost and risk of change. This research also suggests that organisational structure and culture be significant factors of digital transformation. The success of a digital transformation strategy is not only in technology but also in leadership capability. Business leaders and management should embrace the new reality and accelerate digital transformation to emerge as market leader post-pandemic and ensure priority and investment in digital technology, people and culture. It is important to communicate clearly on the importance of digital transformation for companies to emerge strongly in the times of uncertainty and act on swiftly to transition their business to the new digital

environment. These results are consistent with the factors identified in the previous studies presented in the literature review section.

This chapter highlights the power of digital transformation during and in the wake of COVID-19. Successful digital innovation and transformation requires thinking beyond technology to build a competitive edge over rivals and to deliver the lasting business value and customer satisfaction. Digital transformation enables SMEs to reshape their business models to respond to changing consumer needs in today's COVID-19 environment. Reviewing digital transformations across industries reveals a common theme: Digital platform strategy. Researchers viewed digital platforms as a growth lever and an ecosystem that is not only a network of similarly industry players but also a partnership of complementary players (Meffert, Patel & Stuetzle, 2019). A digital platform creates value for customers and participants involved and delivers a competitive advantage for SMEs through their participation and input (Sharma et al, 2020). The analysis of this research shows that many SMEs might be best suited to participate in one or more platform ecosystems as a digital platform can facilitate SMEs' digital transformation through offering technological functionalities and value added business services to participants. Without these support and services, digital transformation in SMEs would have been severely impeded as adopting digital technology brings challenges for most SMEs. Partnering with digital platforms could help SMEs deliver products and services faster, respond to changing consumer demands, reducing costs and promoting additional sales and extending reach and enhancing customer experience.

Companies have experienced from being "forced" to adopt digital in reaction to the widespread shutdowns in the early stages of COVID-19 to being convinced that digital is the way to go (Bages-Amat, et al. 2020). Many businesses have embraced e-commerce and moving and engaging business online. However, the research findings indicate that the SMEs in Australia are not best placed to leverage digital technology to transform business models, innovate products and services and revolutionize operations. This research recommends that Australian SMEs embark on digital strategies that enable the transformation and adopt a platform strategy in pursuing digital transformation. It is critical for SMEs in Australia to take a more proactive approach to adapting their businesses to a fast changing digital reality in order to stay competitive over their competitors and to improve their customer experience and business performance.

Future studies could investigate further on strategic issues regarding digital transformation in SMEs. This study intended to lay the groundwork for a future research on the topic. Once the factors have been established, how SMEs can translate these efforts into results going forward and how they would overcome barriers to digital business adoption need further investigation in a future study. The outcomes of future research project would offer some practical and sector-specific advice on

how SMEs would withstand disruption through digital transformation and how they would facilitate and manage digital transformation and innovation in today's COVID-19 environment. Future research will assist SMEs examine how each aspect of the business processes from marketing and sales to supply chain and back office will need to be digitally transformed to address customer expectations in the future.

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KEY TERMS AND DEFINITIONS

B2B E-Commerce: Business-to-business e-commerce.

B2C E-Commerce: Business-to-consumer e-commerce.

Digital Business Strategy: The approach by which the application of digital technologies to business activities and processes can support business growth and provide competitive advantage.

Digital Platform Strategy: The approach to bringing market participants together via electronic networks or systems to benefit from the presence of each other, to enabling electronic interaction among participants and to allowing participants to deliver value to their target audience.

Digital Technology: Electronic tools, systems, devices, and resources that generate, transmit, store, or process data recorded in binary code of combinations of the digits 0 and 1.

Digital Transformation: The change that occurs when digital technologies are applied to organisational processes, structure, and systems to improve business performance and competitiveness.

E-Commerce: All electronically mediated transactions between business and its stakeholders.

Chapter 2

Changes in Grocery Shopping Patterns Due to COVID–19: The Case of the Czech Online Food Markets

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ABSTRACT

Today's global world is constantly changing and evolving. In light of the current events, and in particular the worldwide COVID-19 pandemic, this trend is intensifying and accelerating. Recent events have brought a huge turnaround in many aspects of our lives, and shopping behavior has undoubtedly been one of them. Parts of our lives have had to be transferred to the online environment, and this may have affected how we shop. This chapter therefore aims to identify the main factors influencing the purchasing behavior of consumers when buying online in the category of groceries on the Czech market to determine the profile of typical consumers who tend to use online shopping platforms and to find out what effect the COVID-19 pandemic had on general shopping patterns of Czech consumers.

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INTRODUCTION

Research suggests that traditional retail formats are still preferred by customers over online platforms in regard to grocery purchases (Kim & Wang, 2021; Berg & Hendriksson, 2020). There are some barriers related to the online environment, such as not being able to see and touch the products, expensive delivery costs or bad quality. These barriers have not yet been overcome, as customers tend to seek online products rather than products that pose little risk when shopping. Sing & Rosengren (2019) argue that e-retail cannot dominate traditional brick-and-mortar retail for all types of products and services because customers prefer the physical aspects of shopping for some products. Thanks to the appearance of new technologies, these barriers can be reduced and overcome; however, thus far, a major motivation for doing so has been missing.

Previous research on online shopping has revealed that the impetus for buying food online can be a situational factor. This impulse can be, for example, the birth of a child or the development of health problems; however, it has been found that many customers stop buying food online as soon as the initial trigger disappears or a service problem occurs (Hand et al., 2009). Other typical situational factors include the distance of the potential customer's residence from the traditional supermarket, the day of the week (weekend or holiday), the weather, or the size and composition of the purchase (Arce-Urriza and Cebollada, 2013). Moreover, the choice of the shopping channel may depend on the shopping motives. It appears that users with utilitarian motives prefer online shopping channels, mainly due to money savings, product assortment and convenience. On the other hand, customers who are driven by hedonic factors are attracted to shopping in brick-and-mortar stores (Cervellon et al., 2015). Customers who buy food online shop with a certain shopping goal in mind, which corresponds more to a utilitarian shopping motive. Researchers focusing on motives for online grocery shopping suggest that product quality, product range, quality of service, customer-perceived value, food warranty, convenience, service cost, perceived risk, social standards, and the design of the online platform have significant impacts as well (Osman & Hwang, 2016; Haridasan & Fernando, 2018). Within the technology acceptance model for online food purchasing, several other factors have been tested that may affect customer behavior, namely, entertainment, perceived time constraints, perceived comfort, perception of the offline retailers, positive past experiences, situational factors and social influence (Driediger and Bhatiasevi, 2019).

While online grocery shopping represented a rather small percentage of online purchases before 2020, COVID-19 and forced free-movement restrictions have provided the necessary impulse for consumers to seek new ways of acquiring products. However, groceries represent a specific category of goods, and many consumers may

hesitate before trying to buy food online. In this chapter, we analyze the motives for and barriers to online grocery shopping in the context of the Czech market. First, based on previous research, we identify potential factors that could have an impact on user behavior regarding the online purchase of groceries. Subsequently, we outline the characteristics of the Czech e-commerce market and the Czech mentality according to Hofstede's cultural dimensions. To support the secondary findings from the national surveys, primary data were acquired via an online survey including both open questions and scales. Finally, factor analysis was conducted to establish which motivators and barriers have the main influence on opting for an online shopping platform rather than shopping in a brick-and-mortar store.

CONSUMER INCENTIVES TO SHOP AND SHOP ONLINE

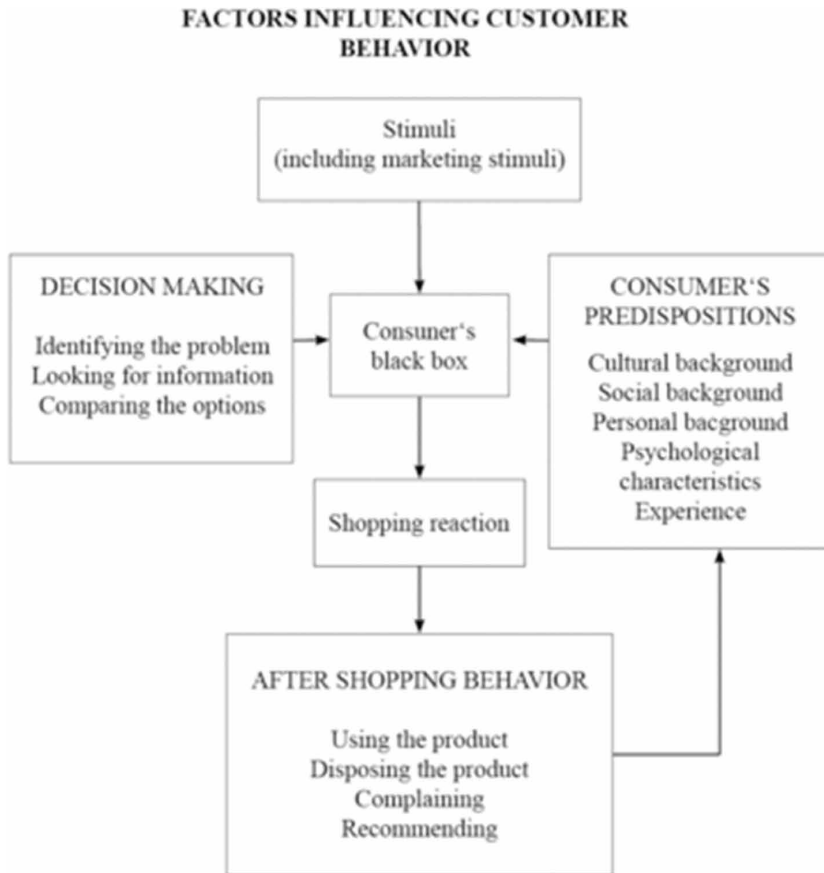
Consumers are one of the key components of the economic system. Due to the gradual shift from product-oriented marketing concepts to customer-centric concepts, the need to know who customers are is intensifying. Mils & Groening (2021) emphasize the need to view consumers as beings living in a society. Describing the characteristics of a customer thus requires the use of psychology, sociology, biology, statistics and many other disciplines. In the following paragraphs, we will thus try to highlight the main research directions and findings related to customer behavior that will allow us to formulate a list of potential incentives for online grocery shopping.

Factors Influencing General Shopping Behavior

Consumer behavior is human behavior that involves acquiring, using, and disposing of consumer products. To narrow down the concept, we will more specifically focus on purchasing behavior, which includes consumers' decision-making process and thus provides a more descriptive framework that will allow us to identify the incentives to buy food online more easily. There are several categories of customer shopping behavior (Dulam et al., 2021). Rational models are based on the rationality of the consumer, who systematically decides on the best option. Psychological models try to explore in depth the motivational structures of buyers and build on knowledge from psychology. Social approaches examine how a person's social environment affects him or her (Hui et al., 2009). Since the body of knowledge regarding all three types of approaches is comprehensive, a general integrational model has been proposed that combines rationality, hedonic factors and social environment. This diagram is displayed in Figure 1. It describes the stimuli that the consumer processes inside in his or her *black box*, where he or she makes a purchasing decision based on various

predispositions. Once the stimuli are processed, the consumer reacts, which may transform into shopping behavior.

Figure 1. Factors Influencing Customer Behavior
Source: IGI, 2014



Consumers can be viewed from several different contexts. Phipps et al. (2013) mention the following three levels: the national economic level, household level, and individual level. While strictly defined in theory, in real life, these three levels overlap and influence each other. At the national level, general consumption trends are monitored. Consumer perception on this level is formed with regard to what consumers learn to consider normal and average. One is confronted, among other things, with the price level, the phase of the economic cycle, the development of income and lifestyles. At this level, an average consumer is defined. This consumer

can be perceived in relation to the cultural and ethnic characteristics of the population, the technical maturity of the country and the development of macroeconomic indicators, which include GDP, employment, average income, savings and loans. The aggregated and averaged characteristics allow us to generalize some tendencies of a given population and use them in predicting future trends or for international comparisons of consumers and markets. A household is the basic social unit in which a person lives. It is a place where children learn and from where they adopt their first consumption habits (Dulam et al.; 2021). At the same time, income is redistributed to meet the needs of all household members. It is the household where the consumption takes place. This level differentiates consumers according to social groups, where the anonymous “average consumer” becomes a person who is able to compare himself with others, such as neighbors, friends or colleagues. The household is strongly influenced by the life stage of the persons who live in it. The consumption of a young family will certainly be different from the consumption of pensioners. Furthermore, the form of consumption also depends on the income level and many other determinants. The final third level sees consumers as individuals. It examines the specific buying behavior and the motivational processes that influence the consumer during the decision-making process. This level is related to the customer’s personality, needs, attitudes and emotions.

The consumer is influenced by many factors. These factors usually affect a person at the same time with different intensities and thus contribute to his or her uniqueness. Raval & Subramanian (2004) distinguish cultural, social, personal and psychological influences. Together, these factors shape an individual’s consumer behavior. Cultural influences are generally considered to be the most important. We may define culture as a set of core values, attitudes, desires and behaviors that a member of society receives from his family and other important institutions. Cultural customs are common to a group of individuals and usually differ between different groups. Culture is not genetically programmed, and culture needs to be learned.

Culture is usually divided into subcultures. These can be defined by region, nationality, religion or ethnic group. Within individual subcultures, consumer behavior can differ significantly. Furthermore, society usually contains social classes, which further divide the population into smaller definable units. There are several scientific approaches for describing and comparing the values of different cultures. Hofstede’s theory of cultural dimensions is one of the most universally used in the scientific literature (Huang & Crotts, 2019). Hofstede (2011) distinguishes six descriptive groups: distance of power; avoiding uncertainty; individualism versus collectivism; masculinity versus femininity; short-term versus long-term orientation; and indulgence versus restraint.

The distance of power describes the extent to which the inequalities of the distribution of power are perceived and considered natural. In high-score cultures,

people attach great importance to authorities, while in low-score countries, inequality is considered undesirable. The dimension of avoiding uncertainty expresses a company's willingness to take risks and find itself in unfamiliar situations. Cultures that strongly avoid uncertainty try to eliminate the possibility of exposure as much as possible and like to follow different rules and procedures and feel good in a structured environment. Conversely, companies with less uncertainty avoidance are more open to new ideas and different opinions and tend to follow fewer rules. Individualism versus collectivism determines the extent to which society is integrated. In individualistic cultures, everyone is expected to take care of themselves, and personal success is promoted. In collectivist countries, there is a tendency to emphasize the importance of loyalty within a social group. Masculinity versus femininity is based on the division of male and female roles and the values associated with them. It depends on which of them are promoted in society. In masculine societies, pervasiveness, competitiveness, the desire for success and the admiration of strong personalities are dominant. Work life is also promoted at the expense of the family. On the other hand, feminine cultures emphasize kindness and sympathy. Individuals from these cultures perceive the need to balance work and family life. Long-term orientation describes the tendency to focus on the future, in which change is also allowed. Those who can adapt to the circumstances are described as successful. In contrast, short-term-oriented societies tend to admire stability and inertia. They typically focus on the present or the past.

Consumers are also affected by social factors, especially the family and the role that the consumer plays within society. Consumers also have an influence on groups. Social groups are divided into primary groups, which are characterized by regular and informal interactions, such as family, friends, neighbors and colleagues, and secondary groups, such as religious groups, trade unions or professional associations, where relationships are more formal and less intense. In addition to the division into primary and secondary groups, there is also the concept of a reference group. A reference group is a social group with which an individual identifies, whose norms, values, behavior he or she accepts, which serves him or her as a framework of references.

Consumer behavior is further shaped by psychological influences. In this category, scientists usually mention motivation, perception, learning, attitudes and beliefs. Motivation is the main driving force of our behavior. As a motive, we can identify a need that is strong enough to make us act in accordance with its fulfillment. This need may be a biological or psychological need. Despite the same motivation, different people may behave differently. This affects their perception. Consumers tend to perceive information selectively, attach different importance to it and store only some of it for future use. Further changes in consumer behavior can occur

through learning. Consumers acquire new information and experiences that they can use in their next decision-making.

Previous Findings on Customer Behavior When Buying Food Online

Research on the behavior of customers buying food online has revealed differences from the behavior of customers buying products in general. These differences are reflected in the identified situational factors, purchasing motives, purchasing impulses and environmental issues. To summarize the previous findings on online grocery shopping, a systemic literature review was carried out. The most influential sources of the research presented in this chapter are listed in Table 1.

Previous research suggests that customers who buy food online tend to choose online platforms that are operated by the brick-and-mortar retailers at which they usually shop (Anesbury et al., 2016). Research suggests that traditional retail formats are still preferred by customers over online food purchases (Koksal, 2018; Keen et al., 2004). There are barriers that arise from the online environment, such as the missing physical aspect of traditional shopping or the related risks. These barriers have not yet been overcome, as customers prefer to shop online for products that pose little risk when shopping. Koksal (2018) argues that e-retail cannot dominate traditional brick-and-mortar retail for all types of products and services because customers prefer the physical aspects of shopping for some products.

Hansen (2008) suggests that customers associate personal values with their attitude toward online food shopping and that this relationship is mitigated if the customer has previously shopped online, whether for food or other products. His research reveals a connection between social normative influence and considering making a purchase. The most common questions that customers shopping for food online ask are related to distribution (Vaz de Magalhães, 2021). The main issue is whether the food will not be damaged, whether it will be sufficiently refrigerated and frozen, and how difficult it will be to return or exchange unwanted food.

Protecting the environment and reducing the ecological footprint have influenced all industries, including the online grocery shopping sector. As the study by Hasanzade et al. (2018) shows, information on animal welfare, labor and human rights and environmental protection have a strong influence on the choice of an e-retailer.

As previous research regarding the technology acceptance model for online food shopping has demonstrated, several factors may affect customer behavior, namely, subjective norms, the visualization of the products, perceived risk, entertainment, perceived time pressure, perceived comfort, the perception of offline retailers, positive past experiences, situational factors and social influence (Bauerova, 2019; Driediger and Bhatiasevi, 2019). Some of these factors coincide with the general

factors affecting customers in the online environment and the factors described above, while others are specific to the area of online grocery shopping. In the following paragraphs, we attempt to test the previously identified factors in the conditions of the Czech grocery market and validate which factors have the most influence on Czech consumers when choosing an online food retailer.

Table 1. Summary of Previous Findings on Online Grocery Shopping Behavior

Author	Methodology and Data Source	Findings
Hansen, 2008	Survey, n = 1058 (Sweden)	Customer behavior is influenced by previous experience with only shopping and the fear associated with distribution risks.
Hand et al., 2009	Interview, n = 32 Survey, n = 460 (UK)	The main stimuli for online grocery shopping include mainly situational factors such as the birth of child or health problems.
Arce-Urriza & Cebollada, 2013	E-retailers database, n = 1246 (Spain)	The distance from the store, day in the week, content and size of the purchase are important impulses that condition whether the customer is going to shop online.
Cervellon et al., 2015	Survey, n= 300 (France)	The consumers are driven by the utilitarian motif.
Mortimer et al., 2016	Survey, n = 555 (Australia)	Satisfaction and the perceived risk influence the frequency of online purchases.
Wan et al., 2017	Database Dunnhumby, n = 799; Database MSR, n = 1 228 (USA)	The price of online groceries influences the choice of the product but not the choice of the product category or the amount bought.
Fedoseeva et al., 2017	Database of retailers, n = 13 (Germany)	The customers tend to choose online retailers that they also know as brick-and-mortar shops.
Hasanzade et al., 2018	Survey, n = 249 (Germany)	Respecting ecological norms and reducing transportation waste have an impact on customer decision-making and final choice of an online retailer.
Haridasan & Fernando, 2018	Interview, n = 1000 (India)	The range of goods and added value influence customer behavior.
Vaz de Magalhães, 2021	Survey, n=222 (Brazil)	Some of the customers are willing to shop online even if not all the products are available, as long as the delivery-service is free or its price is low.

Source: Authors

Characteristics of the Czech E-commerce Market

Hofstede's cultural dimensions have been previously used by many authors to differentiate the behavior of individual nations in the context of e-commerce and online marketing (Peña-García et al., 2020; Mohammed & Tejay, 2017; Singh et

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al., 2001). For the purposes of this study, we used the online tool called Hofstede Insights (“Compare countries - Hofstede Insights”, 2021). In terms of distance of power, the Czech Republic has a relatively high score of 57. This indicates that the Czechs are willing to accept a hierarchical distribution of power. A value of 74 in the category of uncertainty avoidance indicates that the Czechs prefer established behavioral patterns and appreciate accuracy and timeliness. With a score of 58, Czechs have a more individualistic society. Everybody believes that they have to take care of themselves and thus, they do not rely on others. A value of 58 in the masculinity category leans toward masculine traits that are characterized by assertiveness and success drive actions. Czechs are pragmatic and oriented rather toward short-term goals, as the score of 70 confirms. Czechs are able to quickly adapt to the changing environment and achieve better results in a short time. In terms of indulgence, the Czechs reach a score of only 29, which means that they tend to be cynical and pessimistic and judge themselves through the lens of social norms. Emphasis on leisure activities is not very prominent. Although Hofstede’s classification has faced much criticism since it is very generic and approximative (Gilboa & Mitchell, 2020; Huang & Crotts, 2019), the scores provide a good initial assessment of the Czech mentality, which will be further described in the context of consumer behavior.

General Information About the Czech E-commerce Sector

Although Czechs are rather conservative, online shopping has been a rapidly growing sector even before the global pandemic, as the increasing turnover of the Czech ecommerce confirms (Table 2). By the end of 2021, turnover is expected to amount to CZK 198,426,000,000, which is 18% more than that observed last year. The number of Czech e-shops is also increasing. There are currently 41,023 online retailers. This represents an 8% increase compared to last year’s total. The number of e-shops is expected to increase to 45,961 by the end of 2021. In the Czech Republic, e-commerce accounts for 13.5% of the total retail turnover (Shoptet, 2021).

Table 2. The Evolution of the Czech E-Commerce Market since 2015

Year	2015	2016	2017	2018	2019
Revenue (CZK)	81 billion	98 billion	115 billion	135 billion	155 billion

Source: Shoptet (2021)

The Czech Republic represents 1.1% of the European online market. Server Statista states that Czech e-commerce penetration is 54% and that the number of people actively using it has climbed to 6 million (Statista 2020a). The best-performing categories include clothing and accessories (19%), home and garden products (13%), food (8%), products for children (6%) and electronics (5%). The absolute top sellers are phones, electronic gadgets and swimming pools (Shoptet, 2021). Consistent with the global trend, Czechs are also increasingly using the internet to search for information about products. According to Statista, 67% of Czechs consult the internet before buying an item (Statista 2020a).

The spread of the COVID-19 virus partially modified shopping behavior. However, it is not yet certain whether these changes will be permanent. Due to national quarantine, many Czechs had to adopt new ways of shopping; thus, e-shops gained many new customers. The e-commerce sector grew by 21% in 2020. During the COVID-19 pandemic in 2020, food, pharmaceutical goods and cosmetics were the most successful categories in ecommerce. Interest in electronics and household equipment also increased (APEK, 2021). The official sources estimate a 4.9% growth on average in the sector of Czech ecommerce caused by COVID-19; specifically, for clothing, the growth was 1.9%; for electronics and media, the growth was 5.7%; for toys and DIY, the growth was 5.4%; for furniture, the growth was 4.8%; and for food and personal care products, the growth was an incredible 11.5% (Statista, 2021b).

Online Grocery Shopping in the Czech Republic

The growing popularity of e-commerce in the Czech Republic has, not surprisingly, been reflected in the intensity of online grocery shopping. Groceries and food are purchased online in Czechia more frequently than the European average. Rohlík.cz and Kosík.cz report record sales increases, and other retailers who have only operated offline thus far are now considering entering the digital market. However, this higher frequency of online food shopping is rather geographically centered around large cities such as Prague and regional cities. There are regions where home delivery is not possible because the logistics associated with the process are relatively demanding and expensive.

For Czech households, food is an important category in terms of the budget share. The competition on the online food market in the Czech Republic is relatively divided. There are many smaller sellers, but the main three, which are sometimes called the big three, are Rohlík.cz, iTesco.cz and Kosík.cz. These three offer to their customers a complete grocery assortment that is equivalent to the assortment found in brick-and-mortar stores. Other large retailers, such as Lidl, Globus or Kaufland, are now considering entering the online market, but they have not yet made any progress.

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In terms of net sales, Rohlík.cz dominates the market and generates similar sales as the largest Czech e-shops with electronics. Its net sales in 2019 reached 140 million US dollars, which is approximately 3 billion CZK. This amount increased by an incredible 48% year-on-year in the period 2019–2020. Rohlík.cz is followed by iTesco.cz, with a net profit of approximately CZK 1.5 billion (US \$60 million) and a growth of 19%. Both of these stores were featured in the list of the top 10 Czech e-shops of 2019. Kosík.cz does not have a significant market share, and its revenues reached only approximately CZK 700,000 (US \$32 million); however, it has grown very quickly since the year-on-year percentage growth was 30% in 2020 (Statista, 2021b).

According to MediaGuru (2019), 21% of customers buy food exclusively online, 43% still prefer brick-and-mortar shops and 36% use both options. In 55% of cases, customers shop online only once every few months, while 15% of customers buy groceries online once a month, 14% buy every two weeks, 10% of customers shop every week, and 5% shop several times a week. This survey also suggests that online buyers prefer iTesco.cz (48%) more than other food e-shops, followed by Rohlík.cz with 30% and Kosík.cz with 26%. Furthermore, the statistics include Z-Market.cz, with 6%, and PotravinyDomu.cz, with 5% (see Figure 2).

Figure 2. How Often Did Czech Users Shop for Groceries Online Before COVID-19?
Source: MediaGuru (2019)



Jílková and Králová (2019) describe the typical customers of food e-shops as young people aged 25–34 with higher education levels who live in large cities. These people also usually have higher family budgets. There are natural motivators and concerns associated with grocery shopping. The following text shows the advantages and disadvantages of grocery shopping online in the Czech context. Czechs see the main advantages of buying food on the internet in regard to time savings and cost savings. The comfort of shopping online is also emphasized by the “favorites”

function, which allows customers to store selected products and find them easier next time. In addition, consumers plan more and in more detail when shopping online than when visiting a brick-and-mortar store. This, along with avoiding exposure to traditional POP marketing, allows them to have more control over their spendings. Another advantage is the constant display of the price of products in the cart (Šarkovská and Chytková 2019).

Figure 3. Barriers to Online Grocery Shopping in the Czech Republic
Source: MediaGuru, 2019

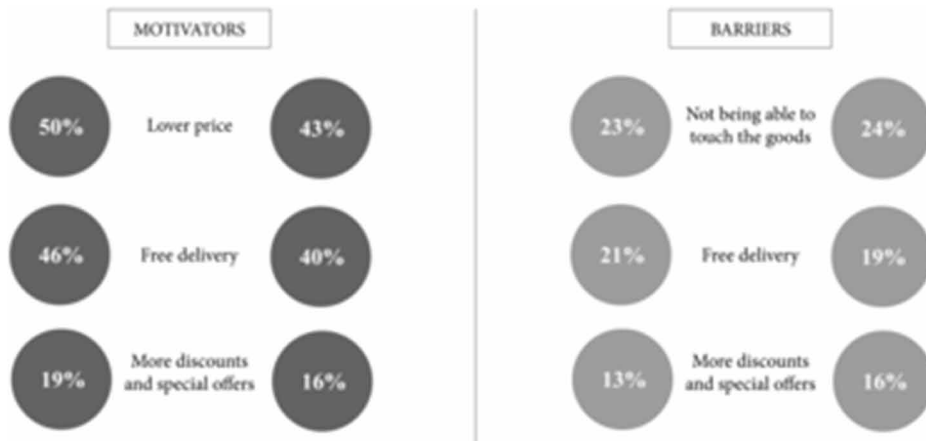


On the other hand, Czech consumers are most worried about not being able to interact with goods and verify their quality when buying food online. This criterion has been proven to be the most significant barrier, i.e., up to five times more important than other factors. In addition, customers often believe that buying in a brick-and-mortar store is faster. They fear that online sellers will not pay enough attention to hygiene standards and that they will not carefully select quality and fresh goods. Another often mentioned factor against buying food online is the reluctance to lose touch with other shoppers, as shopping is a social activity. Some customers consider shopping in a brick-and-mortar shop as a fun and relaxing activity and consider a trip to the store equal to a walk in a park. The authors Šálková and Hes (2015) suggest that the main reason for concerns about buying food online is the lack of experience and ignorance. Figure 3 shows a selected percentage of individual concerns when buying food over the internet in the Czech Republic. The data were collected in a survey organized by Acomware. Similarly, Figure 4 uses the same data to demonstrate the changes in motivators and barriers to online grocery shopping between 2016 and 2019 (Mediaguru, 2019).

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Figure 4. Motivators and Barriers of Online Shopping in the Czech Republic in 2016 and 2019

Source: MediaGuru, 2019



METHODS AND RESULTS

As mentioned in the introduction of this chapter, there are three main objectives of this research: 1) to identify the main factors influencing consumers' shopping behavior when shopping online for groceries, 2) to determine the profile of a typical Czech customer who tends to use online platforms to purchase groceries, and 3) to determine what influence the spread of COVID-19 has had on consumer behavior in the Czech Republic in terms of grocery shopping. A combination of primary and secondary data analysis was used in this research. First, information from previous surveys focusing on Czech customers was collected and chronologically organized, including information about the relevant respondents. In addition to previous surveys, primary data were acquired using an electronic survey. The questionnaire was designed to collect data related to all three research questions described above targeting a group of respondents aged 18 – 40 years. Based on the data about the age structure of the Czech population published by the Czech Statistical Office (2020), the target number of respondents was set at 375. The number of people in the targeted age group in the Czech Republic, exactly 3,045,876 persons, was used as the basic set for calculating the target number of respondents at the 95% confidence interval with a 5% error tolerance.

The questionnaire contained a total of 78 questions. It started with a short introduction stating the purpose of the data collection and their subsequent use. Several filtering questions followed. Then, the respondents were asked whether they buy food online or not. If the respondent answered the question negatively, then he

or she was redirected to the question of why he or she was not shopping online. If he or she answered in the affirmative, the main part of the questionnaire followed. First, the respondent was asked several questions about how he or she chose an online store and where he or she purchased groceries, followed by a section on his or her online shopping habits and habits related to shopping in a brick-and-mortar store. Another set of questions examined the effects of the global pandemic of COVID-19 on the respondent's shopping habits. The questionnaire contained open, semiopen and closed questions and scales. Prior to online publication, the questionnaire was piloted with a small group of respondents to test the functionality of the online form and fine-tune the comprehensibility of the questions. The questionnaire was then shared with various groups of users on the internet, especially on Facebook and Instagram, because there was a large concentration of the target group. We chose a convenience sampling method in which every member of the population had an equal chance of being selected. The biggest disadvantage of this method is the impossibility of reaching a full representativeness of the sample; therefore, caution is needed when applying the findings to the entire population. However, a large number of respondents may partially compensate for this disadvantage. Despite the disadvantages of the convenience sampling method, it is a frequently used method because techniques that achieve full representativeness of the sample are usually too expensive for researchers (Etikan, 2016). Taherdoost (2018) adds that random sampling is commonly used by the majority of researchers.

The study was carried out with a total of 375 valid responses. Respondents were divided into three age categories: 18–24 years, 25–30 years and 31–40 years. The respondents from the first interval were the most represented. Respondents aged 25–30 years represented 21.8% of the sample, and the oldest age category represented 12.9%. The age structure of the final respondent group thus partially deviated from the age structure given by the date from the Czech Statistical Office. Unfortunately, this phenomenon is common for the convenience sampling method. Due to the unrepresentativeness of the sample composition, the validity of the results was better for the first age group of respondents. As expected, most responses were collected from the 18–24 age group, since it is usually easier to reach this group on social networks. In terms of gender, women were more willing to participate in the survey since 65.9% responses were collected from women and only 34.1% were collected from men. Given the age structure of the respondents, it is no surprise that in terms of economic activity, the group of students was strongly represented (39.8%), followed by working students (29.8%). Overall, almost 70% of all answers came from students. Another important group consisted of employed individuals (21.6%). Self-employed individuals represented 4.5%, people on maternity or paternity leave represented 3.3%, and those who were unemployed represented 1%.

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In terms of statistical methods, we used Cronbach's alpha to analyze the internal consistency of the variables and the Kaiser-Meyer-Olkin (KMO) criterion to identify whether factor analysis was appropriate for the collected data. Bartlett's test of sphericity was used to test the hypothesis that the correlation matrix is an identity matrix. To reduce data dimensionality, factorial analysis was employed.

Analysis of Online Shopping Behavior in Relation to COVID-19

The results of the survey showed that the majority of the respondents considered previous experience to be an absolutely crucial decision factor in regard to online shopping. Previous experience was identified as the primary source of information by 51.6% of the respondents. Recommendations from friends and acquaintances comprised the second most cited reason (22.9%) for online shopping, which is not surprising since online shoppers usually tend to emphasize customer reviews (Yakubu & Kwong, 2021; Wang et al., 2021). However, 12,1% of the respondents stated that they did not actively search for information in internet discussions or did not read official reviews.

Based on the literature review described earlier in this chapter, 10 factors potentially influencing the choice of online grocery shopping platform were identified and added to the questionnaire for evaluation. A value of 1 meant that the factor was crucial for platform selection, while a value of 5 indicated the least influence in decision-making. The internal consistency of the variables was assured by Cronbach's α rank. In fact, for the 22 variables regarding the buying habits of groceries, the values revealed very good consistency (0.915). To reduce dimensionality and within the scope of factor analysis, an exploratory factor analysis was also run to analyze each group of variables and explain the correlation between them. Since the KMO test showed a great level of significance (.901) and Bartlett's test of sphericity clearly indicated that the original variables were significantly correlated with a p value < 0.001 , we proceeded with factor analysis. The results of the statistical tests are displayed in Table 3.

Table 3. KMO and Bartlett's Values

KMO and Bartlett's test for grocery buying habits		
Kaiser-Meyer-Olkin Sampling adequacy measure		,901
Sphericity test of Bartlett	Chi-square approximation	3898,316
	df	231
	Sig.	,000

Source: Authors

Based on the results of the factor analysis, we selected 10 components out of the 22 variables (accounting for 58.179% of the variance obtained). The importance of individual factors according to their respective extraction values is displayed in Table 4.

Table 4. Extraction Values of Online Grocery Shopping Factors

Order	Factor	Extraction Value
1.	Easy orientation on the website	427
2.	Perceived quality of the goods	433
3.	Payment by card	438
4.	Previous experience with the platform	455
5.	Assortment of goods	488
6.	Price level	519
7.	Availability and price of the delivery service	522
8.	Habit	552
9.	Brand/Name of the company	647
10.	Payment in cash after the delivery of goods	763

Source: Authors

The respondents identified easy orientation on the website as the most important factor, which corresponds to previous research (Martínez-Sala et al., 2019; Valdez et al., 2018). Also very strongly influential appeared to be the perceived quality of goods and the possibility of payment by card. Previous experience with the shopping platform, the assortment of goods and price level were shown to have a medium influence, while the least important factor appeared to be the possibility of paying in cash; only 26% of the respondents rated this factor as important. There are some interesting findings regarding the order of the factors. While previous experience placed rather high, habit was not that prominent. The results indicate that despite having a good experience, customers do not hesitate to choose a competing service if they provide a better offer.

Out of a total of 375 respondents, 45.5% stated that they buy food online, and 54.5% said that they did not. The results from this primary research thus indicate a higher percentage of online shoppers than previous surveys, where the percentage of shoppers was approximately 25% (MediaGuru 2019; Statista 2021b). This difference may be caused by the targeting of the electronic survey, which in our case included younger respondents with higher technological literacy levels who use modern technologies more frequently.

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Additionally, we further examined the motivations of the respondents who did not buy food online. The most common factor was the fact that customers want to choose the goods themselves in order to pick the most quality goods and avoid issues with freshness. The second most frequently mentioned problem was related to the availability of the delivery service. The unavailability of delivery to some regions has proven to be a significant obstacle, as it often disqualifies potential new customers. However, a positive finding is that 61 of the 267 respondents affected by this lack of delivery reported having an interest in trying to buy food online. In addition, only 15 respondents rated online grocery shopping platforms as untrustworthy. Among other barriers, respondents often wrote that they do not want to shop online because of the excessive waste production related to the transportation of goods, negative previous experiences, reluctance to abandon the habit of shopping in a brick-and-mortar store, and the belief that buying in a brick-and-mortar store is faster and easier. Moreover, 8 respondents considered shopping in a brick-and-mortar store to be a leisure activity.

On the other hand, online shoppers reported that they appreciate convenience and time savings, which were the most important factors for 153 respondents. Another advantage that was frequently mentioned was not having to worry about COVID-19 or wear protective gear. Respondents also described online shopping as an ideal option during quarantine, and 10 respondents mentioned that e-shops offered a more interesting range of goods in terms of quality, bioproducts or dietary products. Surprisingly, only 8 respondents said that they consider buying food online cheaper, which contradicts the results of the Acomwa survey, which found in 2019 that the presence of lower prices was one of the main motivators to buy online (MediaGuru 2019). From the general point of view, it is probably possible to find cheaper products on the internet thanks to search engines that allow the easy comparison of prices and offers, better organization and easier control of impulsive shopping; however, often, the related transportation costs may be very high and thus increase the final price of goods. However, the price levels online and in brick-and-mortar stores may differ depending on the category of goods.

Regarding the individual food categories, respondents most often bought online basic groceries such as milk and dairy products, followed by fruit and vegetables, pasta, rice, meat, eggs and sausages. Surprisingly, durable foods such as sweets, soft drinks, canned food or alcoholic beverages did not appear much on the online shopping lists. The data we collected showed that the COVID-19 pandemic brought new customers to Czech online supermarkets. Overall, 35.9% of the respondents said they had bought online for the first time due to the onset of the disease and the consequent restrictions. The remaining 64.1% of the respondents had previous experience with this type of shopping.

SOLUTIONS AND RECOMMENDATIONS

Thanks to the collected information, data and evaluation of statistical tests, the following research questions were answered: 1) According to what criteria does the consumer decide where to shop online?

2) What is the profile of customers who buy food online? 3) How has the COVID-19 pandemic changed customers' shopping habits?

It turned out that for consumers, when choosing an online shopping platform, easy orientation of the website of the online store is absolutely essential, closely followed by the perceived quality of the goods and the possibility of paying by card. Previous experience, the range of offered goods, the perceived price level and cheap delivery were also found to be relevant; however, in regard to grocery shopping, these factors are less important. Most people choose online stores based on their own experiences, and subsequently, 22.9% of them rely on the recommendations of friends and acquaintances. Other information sources were mentioned by the respondents only in minority amounts.

Our results showed that 35.9% of the respondents bought food online for the first time after the onset of the COVID-19 pandemic. It appears that the pandemic may have changed the behavior of customers in favor of online grocery platforms. Since the beginning of the pandemic, customers have been buying food online more often, while at the same time, the average spending per purchase has increased. There is a trend toward more frequent purchases of perishable foods, especially in categories such as meat, eggs, sausages, fruit and vegetables, and pastries. According to our survey, 59.2% of people restricted their shopping in brick-and-mortar stores due to the pandemic. The most common reasons were restrictions on meeting people, fears of COVID-19, making larger purchases and, among other things, the habit of shopping online, which is a good sign for the market.

From the results of the survey, several conclusions can be drawn for companies that operate in the online food market. The dominance of the three largest companies of Rohlík.cz, iTesco.cz and Kosík.cz was confirmed. Nevertheless, there is still room in the market for improvement and the possibility for entry of new competitors. This is supported by the steadily increasing percentage of online grocery shoppers, as well as the relatively high willingness of potential new users to try this form of shopping.

In terms of the service itself, consumers welcome a wide range of goods with a large number of substitutes in different price categories. They also appreciate the offer of local products and organic produce. The dynamic calculation of the transport price with regard to the distance, delivery time and the number of further purchases to the locality is also welcome. Other areas for improvement include refining the delivery intervals so that customers do not have to wait long for their goods. Last but not least, companies could provide a more accurate description of the goods

and improve the visibility of or add warnings about the current unavailability of the product. It should be crucial for companies to focus on running clear and user-friendly websites. This aspect is also emphasized by the increasing visual requirements of generation Z, which is more sensitive to good visualization (Carlson et al., 2020).

In addition, in our survey, the respondents very often called for the expansion of delivery options to smaller municipalities. Some of the established companies are already trying to gradually expand their distribution areas. Nevertheless, competition outside large cities is rather mediocre. One possible solution to close the gap in the market is to create a denser logistics network, where a transshipment point for a designated region would play a major role, from which goods would then be available to consumers, with local suppliers remaining one of the main sources of the range. In line with the current trends, consumers perceive the need to be more respectful to the planet and would appreciate improvements in packaging and delivery. Regarding packaging, customers are particularly bothered by the large number of paper bags in which companies pack their products. In this regard, emphasis is placed on the policy of returnable bags and packaging. As our results indicate, one of the key problems in this area is the lack of information that is offered to consumers. Potential customers often do not know how the food delivery service works. Raising awareness in this regard could thus help companies attract new customers.

CONCLUSION

The social landscape, the lives of individuals, business markets and consumers' shopping patterns have all changed significantly due to the global pandemic of COVID-19. The forced restrictions of free movement and protective clothing items such as face masks and gloves have pushed society toward a more online-based consumption of goods. This trend is very prominent also for categories of goods that until now have not been very often purchased online. Groceries, especially, have always been perceived by customers as products with a high risk of poor quality when purchased online (Koksal, 2018). However, due to the change in situational factors, consumers have been forced to try this alternative method of grocery shopping. Our findings confirm that the number of consumers who shop online for food has grown since the beginning of the pandemic. This development confirms previous research regarding situational factors (Hand et al., 2008; Driediger and Bhatiasevi, 2019). Situational factors thus may be considered one of the main stimuli that increase the online consumption of groceries.

The results of our research also suggest that many consumers hesitate to even try this format of shopping due to the risks related to the quality of goods and distribution (Mortimer et al., 2016). On the other hand, once they try the service,

customers seem to stay loyal to one e-retailer rather than search for the best offer. Future research should thus focus on the specifics of the online grocery market since, while there are many e-retailers, the environment does not seem very competitive. Due to the relative novelty of online grocery shopping for many customers, the question seems to be whether to shop for food online at all rather than which online retailer to choose. Tentatively, we may assume that the e-retailers who succeed in convincing a consumer to try grocery shopping online and create a positive experience for him or her may earn a loyal customer who will not actively search for competitors. Regarding these specifics, marketing campaigns should therefore focus on providing informative, utilitarian content rather than using hedonic factors as the main stimuli (Cervellon et al., 2015).

Another question that arises from the current situation is whether online grocery shopping will continue to thrive once the pandemic is over and the situational factors return to normal. Previous research and the research presented in this chapter suggest that even customers who shop online do not always use online platforms and still frequent brick-and-mortar shops (Mortimer et al., 2016; Arce-Urriza & Cebollada, 2013). In the future, it will be interesting to observe how this market will evolve. However, it appears that brick-and-mortar shopping will continue to dominate the food categories of goods (Kim & Wang, 2021; Berg & Hendriksson, 2020).

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KEY TERMS AND DEFINITIONS

Behavioral Pattern: Behavioral patterns are supposed to simplify our lives; they allow the brain to not learn the same thing over and over again, i.e., one would not be able to devote oneself to the things on which one needs to focus one's conscious attention if this were not the case. We distinguish patterns of behavior into those that are innate, those acquired through evolution and learned, and those acquired through the environment in which we live. From an evolutionary point of view, there is a distinction between three levels in the development of behavior: biological, psychological, and social. Thus, the pattern of behavior is the behavior that we subconsciously follow in our daily lives.

Customer Behavior: Behavior that characterizes a person in acquiring, using, and discontinuing the consumption of a particular product or service. The frequency of purchase, the attitude toward the product and the reasons for purchase (or reasons why the respondent stopped using the product or service) are most often monitored.

Delivery Service: A courier or delivery service is a service aimed at delivering a shipment to a destination; it is similar to a postal service. Compared to the postal service, there is a significant difference in the speed of transport, which is usually faster, the method of loading and the price of transport. This transport allows considerable flexibility in changes in the delivery address or in the volume of transported goods. The courier service consists of the immediate collection of the consignment from the sender and the subsequent handover of the consignment to the addressee.

E-Commerce: Electronic trading is a form of trading that substantially uses modern electronic means of communication to carry out business transactions (with its own organizational units, with suppliers, and with customers). The basic infrastructure is the internet; however, other electronic means are often used, such as e-mail, telephone or payment cards.

Green E-Commerce: Green e-commerce includes all activities carried out to conduct and facilitate all online transactions aimed at satisfying human needs and desires with minimal harmful impact on the environment.


Online Grocery Shopping Platform: An online store that offers an assortment of groceries and beverages that the customers may order online and have delivered to their home without having to go to a brick-and-mortar shop.

Pandemic Lockdown: The pandemic lockdown describes the restrictions of the free movement of persons and the range of services imposed by individual governments around the world in response to the spread of COVID-19 in 2020 and 2021.

Chapter 3

Moving the Tourism Industry to Online Marketing and Sales: Impact and Opportunities Caused by COVID-19

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ABSTRACT

The COVID-19 pandemic, which directly affected many industries around the world and was referred to as a major crisis, had the greatest impact on the tourism industry due to travel restrictions. The most important reason why COVID-19 is associated with the tourism industry is that international travel is extremely effective in the spread of the virus. Therefore, tourism is one of the industries affected by travel restrictions, quarantine, and isolation practices to slow and stop the spread of the virus. In addition to preventions, tourism sales and marketing activities were suddenly interrupted due to health concerns of individuals who want to travel. So, it is very important to examine the impacts and opportunities caused by COVID-19 in tourism sales and marketing. With the impact of tourism from COVID-19, the moving of marketing and sales to online has been quicker with the developing technology. The necessity to adapt to digital transformation is drastically changing online marketing and sales activities, and it will change even more in the future.

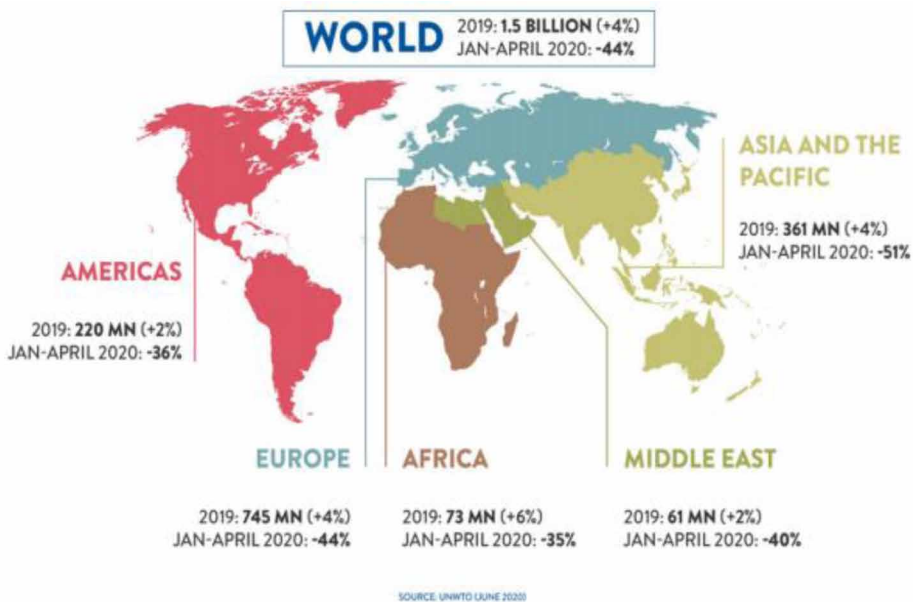
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INTRODUCTION

There are many crises and threats such as natural disasters, terrorist attacks, economic and political problems, and pandemics that cause tourism sales and marketing activities to change (Faulkner, 2001; Ghaderi et al., 2012: 81). Like all industries, tourism has been affected by natural and human-induced crises. However, the crisis from the Covid-19 outbreak is different in many ways and has not been predictable. In the past, while disasters, terrorist attacks, and problems generally occurred at the regional or national level, Covid-19 has had a worldwide impact today. Covid-19 has also affected the behaviour of many tourists in tourism. As shown in Figure 1 by United Nations World Tourism Organization (UNWTO) (June 2020), Covid-19 has had an extraordinary impact on tourism around the world. Inbound tourist arrivals dropped by 44 percent in the first four months of 2020, followed by a dramatic 97 percent drop in April. So it caused an even greater economic collapse, as it had a worldwide impact rather than a regional or national level. Since it remains uncertain when this negative situation will end, it seems that the Covid-19 outbreak will continue to be discussed for a long time and its current and possible effects will be investigated for a long time.

Figure 1. Changes in tourist arrivals



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Since it can easily infect other people, the Covid-19, which affects everybody in a short time, has caused health concerns in people. It has caused people who want to travel and vacation to suspend their travel and vacation plans due to feeling anxiety and plenty of warnings and preventions. This situation disrupted the sales and marketing activities in tourism due to the postponement of travel decisions and reservation cancellations. On the other hand, country governments are trying to maintain a balance between advancing their economies and stopping dangerously rising levels of unemployment and poverty while trying to protect public health (Aburumman, 2020). However, the unexpected emergence and rapid spread of Covid-19 caused all businesses in the tourism industry, to be caught unprepared.

As in all industries, enterprises in the tourism industry are also forced to change their business models due to Covid-19. The emergence of Covid-19, the rapid spread of the internet, and the increase in the number of internet users caused tourism marketing and sales to move online to a large extent. Despite this important effect of the internet, tourism marketing and sales activities had still been done with traditional business models in the past. However, the Covid-19 pandemic that occurred in 2019 caused the sales and marketing activities in tourism to take place largely online.

Technology has affected the functioning of tourism as well as in all industries. New technologies that make life easier have started to be used frequently in tourism. In this period, it is possible to say that isolation will be at the forefront, starting the digitalization period to a great extent. Covid-19, which causes radical changes in the sales and marketing practices of tourism enterprises, is predicted to change the course of the industry in the future. In the digital world, it can easily be said that tourism marketing and sales will be more technology-oriented than before. Communication and reservation systems that prevent direct contact are some of the important changes experienced during the pandemic process in cooperation with local and foreign tourism companies. Therefore, it is possible to say that isolation will be at the forefront, starting the digitalization period to a great extent in this period.

The pandemic, which has affected and continues to affect the world, has caused changes in the travel behaviour and destination choice of consumers (Alaeddinoğlu & Rol, 2020). The devastating effect of the pandemic affects personal disposable income, costs, health risks, and consumption capacities in tourism and travel behaviour. In addition to the crowded and risky public transportation, consumers prefer to travel by individual vehicles, as well as the preferred vacation periods. Global outbreaks such as Covid-19 negatively affect the holiday decisions of consumers as well as affect their destination preferences. It is predicted that a nature-based tourism type with less risk of a holiday can be preferred more. Also, it has been determined that some tourists prefer a destination in their own country and thus avoid overcrowding and mass tourism destinations and prefer to be calmer and away from the crowds (Wachyuni & Kusumaningrum, 2020). Therefore, it is expected that the popularity

of alternative tourism types will increase all over the world. It is thought that tourism types that offer products based on natural and cultural heritage and keep people away from overcrowding can be an effective way out of the crisis.

Considered as one of the most important outbreaks of the last century, the Covid-19 pandemic is expected to affect all industries in different ways, causing a global recession for years and its negative effects will continue. However, as the pandemic is brought under control, as the risk is reduced and the measures are increased, the negative effects of Covid-19 on tourism will weaken. Since vacation and travel are seen as a need, a return to normalization will soon begin after such events are over. However, it will probably take time to reach past high revenues in tourism.

Covid-19, which affects all industries of the world economy, has also had a devastating effect on the tourism industry. This epidemic, which caused consequences such as the lockdown of tourism businesses and unemployment, has changed business and state policies. It is possible to say that the understanding of tourism after Covid-19 will differ or may change greatly. So, this book chapter mainly examines the changes in tourism sales and marketing post-Covid-19. For this purpose, this book chapter section will consist of the titles introduction, background, main focus of the chapter, solutions and recommendations, future research directions, and conclusion.

BACKGROUND

Many studies have been conducted on the effects of Covid-19 in a short time. In the literature, some of the researches on online marketing and sales understanding and strategies in the tourism industry have only approached with an economic focus, while others focus only on the effects of the epidemic in tourism. In addition to the studies in the literature, this book chapter will focus more on the changing impacts and opportunities of online marketing and sales in the tourism industry by Covid-19 and the tourism industry's moving to the online.

Everingham and Chassagne (2020) state that the tourism industry is seriously affected by Covid-19 due to reasons such as border closures and quarantine rules, job losses, and public health concerns. Kalyankar and Patil (2020) aimed to analyze the contribution of the tourism sector to the economic development of countries and the impact of the Covid-19 outbreak on the tourism sector. As a result of the research, it was suggested to create a strategic development plan for the sustainable development of tourism, to develop a new program to encourage tourism, and to include local people in business life to increase employment.

Bakar and Rosbi (2020) used the supply-demand curve to reveal the impact of Covid-19 on the tourism industry worldwide. As a result of the curve, it is seen that the decrease in the demand function causes a decrease in the equilibrium price

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offered and the equilibrium quantity supplied. Furthermore, Karim et al. (2020) examined the future negative effects of the Covid-19 outbreak on the Malaysian tourism industry. As a result of the research, it was emphasized that the Covid-19 outbreak will adversely affect the tourism industry and reduce the contribution of the tourism industry to GDP. In another study, Hall et al. (2020) aimed to investigate the effects of the epidemic on the tourism industry. As a result of the research, it was emphasized that Covid-19 will cause changes in the tourism industry, and in this context, countries should re-plan their domestic economies and education systems. In this way, it was stated that they will turn to local and more sustainable forms of tourism and international tourism will continue. Menegaki (2020) examined the strategies that can be applied to protect against the negative effects of the Covid-19 outbreak on the international tourism industry. As a result of the research, it was suggested that tourists should be provided with insurance that protects them against unfortunate events such as epidemics, cancel their holidays without penalty in risky situations, and give them the right to plan their vacation again without paying an additional fee. It was stated that the prices should be determined based on local tourists, as domestic tourism is expected to recover more quickly. Also, it was emphasized that the number of tourists will be reduced to prevent the spread of the epidemic, thus minimizing the problem of excessive tourism and creating a more sustainable tourism structure.

Youssef et al. (2020) examined the short and long-term effects of the Covid-19 outbreak on the accommodation and airline industries. As a result of the research, it was stated that airline companies were in a downturn economically due to the continuation of the quarantine process. In the research, it was emphasized that Virtual Reality (VR) can be used instead of real travel and virtual tours will increase significantly. It has also been stated that technology will cause changes in future business travel behaviours since most people will not be able to cover travel expenses, they will prefer local travel instead of international travel, and travel options will decrease in the future. However, it was emphasized that the surviving airline companies will turn their routes into small regional destinations and as few tourists will come to these routes, less accommodation will be needed and many hotel businesses will be closed.

Gössling et al. (2020) evaluated the impact of travel restrictions and homestay behaviour on tourism. Furthermore, in the study of Wachyuni and Kusumaningrum (2020), it was stated that a nature-based tourism type with less risk could be preferred more. Besides, it has been determined that some tourists prefer a destination in their own country rather than abroad and thus avoid overcrowding and mass tourism destinations and prefer to be calmer and away from crowds (Zenker & Kock, 2020). According to a similar argument, Romagosa (2020) stated in his study that tourism

types that offer products based on natural and cultural heritage and keep people away from overcrowding can be an effective way to get out of the crisis.

A study on tourists on the Covid-19 outbreak found that hygiene and safety greatly affected their travel decisions and created anxiety. Also, it has been stated that this anxiety may cause them to reduce their travel plans in the future (Nazneen et al., 2020). Security concern is also a significant factor in the willingness to travel and greatly affects tourism demand (Simon, 2009). Situations are similar to this cause changes in the holiday behaviour of tourist candidates who want to take a vacation and travel. While the economic and social preferences of the consumers were at the forefront in their travel decisions, it has been revealed that they act according to their psychological preferences during the pandemic period (Alaeddinoğlu & Rol, 2020).

In studies that measure the effects of Covid-19 on potential tourists in the literature, it is stated that the epidemic affects and will continue to affect tourist behaviour (Aydın & Doğan, 2020; Atay, 2020; Wen et al., 2020). The other study on tourists on the Covid-19 outbreak found that hygiene and safety greatly affected their travel decisions and created anxiety. Also, it has been stated that this anxiety may cause them to reduce their travel plans in the future (Nazneen et al., 2020). The impact of COVID-19 on the tourism industry is reflected not only in low income on the supply side but also in individuals' inherent risk perceptions on the demand side (Li et al., 2020b).

MAIN FOCUS OF THE CHAPTER

Digital Transformations that Move Tourism Marketing and Sales to the Online

Technology has affected the functioning of tourism as well as in all industries. Tourism marketing and sales activities have largely moved to online environments with the development of information communication technologies. New technologies that make life easier have started to be used frequently in tourism. There are many key tools that support the use of digital technologies in tourism marketing and sales activities. These tools are given in Table 1. New technological developments such as Artificial Intelligence (AI), Virtual Reality (VR), Augmented Reality (AR), Internet of Things (IoT), and robotic applications are frequently used in the global pandemic period. These current tools are given in Table 2. It is thought that this and similar technological developments will become more popular in the tourism industry post-Covid-19 outbreak. There are some precautions taken against the

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Covid-19, such as contactless pos machines in restaurants and cafes, contactless fever measuring devices, buying contactless tickets in museums and historical places, and entering by scanning a barcode. In this period when restrictions and prohibitions are so high, museums, archaeological sites, and theme parks can be easily visited thanks to virtual reality.

In this period, it is possible to say that isolation will be at the forefront, starting the digitalization period to a great extent. Robotization and non-contact processes will increase in many places, and priority will be given to social distancing, hygiene, and sanitation. Unlike the all-inclusive system with elements such as sterilized kitchen, disinfectant, mask, gloves during holidays, everything must be provided with a hygienic system. It will be ensured that the processes (elevator, door key, use of in-room devices, electricity use) from the entrance to the hotel to the room are carried out in a contactless manner. Also, businesses will turn to smart applications and kiosks in sales and reservation. In restaurants, online ordering, self-service applications, and disposable materials will be preferred. Moreover, communication and reservation systems that prevent direct contact are some of the important changes experienced during the pandemic process in cooperation with local and foreign tourism companies. Therefore, it seems that technology will be more integrated with tourism in the future.

Table 1. Key Tools to Supporting the Use of Digital Technologies in Tourism Marketing and Sales

Key Tools
Website
Email
Online Advertisements
Search Engines
Link Sharing
Online Meetings
Video Live Broadcasts
Online Phone Call
Messaging Platforms
Conversation Rooms
Discussion and Newsgroups

Source: (Kozak, 2014)

Table 2. Current Tools Supporting the Use of Digital Technologies in Tourism Marketing and Sales

Current Tools
Artificial Intelligence
Virtual and Augmented Reality
Robotic Applications & Robot Technology
Internet of Things (IoT)
Non-contact Devices
Pos Machines
Kiosks

Source: by author

Tourism businesses have to change their business practices due to Covid-19. The rapid spread of the internet in all areas of life and the increase in the number of internet users caused tourism activities to move to the online platform. Despite this important effect of the internet, tourism marketing and sales activities could be done with traditional methods in the past. However, the Covid-19 epidemic that occurred in 2019 caused the sales and marketing activities in tourism to take place largely online. Covid-19, which causes radical changes in the sales and marketing practices of tourism enterprises, is predicted to change the course of the industry in the future. In the digital world, it can easily be said that tourism marketing and sales will be more technology-oriented than before.

In tourism, the Internet of Things (IoT), artificial intelligence, robot technology, 3D printing, virtual and augmented reality applications can be expressed as remarkable digital transformation applications. Also, digital transformation elements such as facilitating customer experience and blockchain applications provide new convenience to consumers and manufacturers. All digital transformation applications used in tourism marketing and sales offer features such as creativity, innovation, flexibility, and personalization. All the innovations in tourism marketing and sales are connected to today's technology.

IoT is digital machines that allow devices to be connected and controlled by a microprocessor and the Internet. IoT devices that can be integrated into hotel systems in tourism are widely used in modern and technological hotels. It is preferred to facilitate hotel reservations, room service, menu offerings, and even car rental that can be managed via smartphones.

AI is an important application in the tourism industry and is used to create personalized presentations for clients. It is also beneficial for the customer to find a suitable hotel and travel plan. Also, it can act as an assistant (SnatchBot) that enables

hotel and travel websites to quickly respond to customer demands and expectations. It ensures that customers are served not only during working hours but whenever requested. The use of AI and automation is a practice applied in security in addition to customer service. The robot offered by Hilton Hotels is the other example. Hilton Hotels' Connie Robot communicates with visitors and communicates with visitors through speech recognition technology. Besides, Knightscope robots are used to detect weapons and other prohibited items hidden in the airport. Furthermore, HMSHost communicates with Auckland International Airport visitors, providing a fun and informative customer experience. Another example is the Travelmate robot. This robot serves as a robotic bag and follows its owner and rotates 360 degrees to avoid a collision.

The use of robotic technologies in tourism is gaining popularity today. It is possible to say that this situation is linked to changing consumer behaviour of consumers in the tourism industry. Consumers' increasing emphasis on self-service methods increases the use of robots and helps the operation of hotels and tourism agencies by reducing the error rate. Hotels that quickly adapt to robotic technology and carry out processes accordingly can record customer information with the robots they use, with voice and face recognition. Henn-na Hotel in Japan is the first example of this service. Another example is an unmanned restaurant in Beijing.

VR is among the technologies used in marketing, sales, and management in the tourism industry. VR, which is among the tourism trends, offers high-quality entertainment applications. VR applications were popular even before the pandemic, but in times of travel restrictions and lockdown, online visits to museums, archaeological sites, and cities for consumers increased. Moreover, augmented reality is an application that offers visitors the opportunity to visit consumers through smartphone applications in marketing and sales activities in the tourism industry. It provides information about the destinations that consumers plan to visit and offers viewing by using virtual maps.

Customer experience is another important issue in the tourism industry that is important in marketing and sales activities. New technologies mediate the enhancement of consumers' experiences. All advances are created to fundamentally change the experience of consumers and assist them. It can ask customers questions, search for information, and even be used for room service. It would not be wrong to say that these new technologies, which can understand and speak in many languages, will develop further in the future. The unpredictable progress of science and technology has brought along the emergence of many innovations and the harmony of new trends at the global level. In this dynamic and flexible environment, the tourism industry has taken its share.

Finally, the process of online tourism activities has also changed with the sharing economy. Sharing economy involves the temporary sharing of some owned tourism

assets with others through sharing economy platforms. It can be said that platforms such as accommodation, transportation, food, and travel have recently contributed to the sustainable economy through websites and applications. These applications, which emerged as a growing market with the effect of many restrictions and closures during the pandemic process, have carried the understanding of tourism out of the ordinary. Airbnb, 9Flat, and Homeaway provide accommodation services; Uber, Shaicle, Flightcar, BlaBlaCar, providing transportation services; Eatwith and Feastly serve food & beverages; Vayble and ToursByLocal offer a travel experience.

Impact and Opportunities in Online Tourism Marketing and Sales Caused by Covid-19

In addition to Covid-19's health and psychological effects, it also negatively affected economic and social life. The negative effects experienced have changed the functioning of many industries and caused considerable damage. The direct impact of the Covid-19 outbreak on many industries around the world has greatly impeded the development of the country's economies. Education, manufacturing, and service industries are among the industries primarily affected. Tourism is one of the most undefended industries to crisis (Biggs et al., 2012; Hall, 2010), as it is known that the travels of virus carriers are effective in the spread of the virus (Wilson & Chen, 2020: 2). Many industries are directly and indirectly affected, such as tourism. Examples include the airline industry, tourism agencies, the food industry, and businesses serving tourism in the destination. However, it is thought that the tourism industry is more affected by Covid-19 (Gössling et al., 2020; İbiş, 2020; Kıvılcım, 2020). Covid-19 has resulted in sharply falling revenues, especially in the tourism industry. It has changed the ratio of inbound and outbound expenditures in global tourism, although it varies according to country. As can be seen in Figure 2, emerging economies, which are heavily dependent on tourism, are currently heavily impacted by Covid-19 (UNWTO, 2020). Moreover, Covid-19 caused many changes in the understanding of sales and marketing within the scope of the tourism industry.

The impact of the global epidemic was felt more especially in tourism businesses. In this uncertain environment where marketing and sales in tourism are negatively affected, many reasons such as the lockdown of the facilities, the recession of the economy in general, cancellation of reservations due to health concerns and delayed travel plans can be stated. Restrictions due to Covid-19 and changing decisions from country to country also affect world tourism marketing and sales. State grants and incentives offered to tourism enterprises have caused businesses to continue their activities. However, since these grants and incentives differ according to the development status of the countries, they had to cope alone with the problems faced by tourism enterprises in underdeveloped or developing countries.

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Figure 2. The proportion of global tourism inbound and outbound expenditure of countries with most reported COVID-19 cases

Country	2018	
	Inbound Expenditure	Outbound Expenditure
United States Of America	18%	13%
Spain	6%	2%
Italy	4%	3%
Germany	4%	7%
China	3%	20%
France	5%	4%
Iran, Islamic Republic Of	0%	1%
United Kingdom	3%	5%
Turkey	3%	0%
Belgium	1%	1%
Switzerland	1%	1%
Netherlands	2%	2%
Canada	2%	2%
Austria	2%	1%
Portugal	2%	0%
Brazil	0%	2%
Korea, Republic Of	1%	2%
Total	55%	68%

Covid-19 negatively affected tourism sales in many ways. Canceled individual and group reservations caused many financial losses. Financial losses caused by reservation cancellations caused economic decline. There are tourism businesses that went bankrupt or are at the stage of bankruptcy due to canceled events and all other organizations. Financial losses were tried to be compensated with some supports. Also, in an age where transportation, technology, and communication resources are so advanced, travel has to be restricted around the world, which has brought about a serious change. Restrictions on freedom of movement, the closure of borders, and the fear of infection by people around the world caused the closure of hotels, restaurants, and other entertainment facilities.

In many industries all over the world, employees lost their jobs or had to take a break from their work for an indefinite period due to the lockdown of facilities,

interruption of production, and decrease in stock and raw material resources. With similar problems by tourism enterprises, job losses of tourism employees have increased. Financial problems to be experienced in the long term in the uncertain environment caused by the epidemic can cause poverty.

In addition to mentioned above, there are some situations that tourists also experience. Worldwide, consumers' state of fear, anxiety, and trauma cause intentions and behaviours that are difficult to measure and unpredictable. Global epidemics such as Covid-19 negatively affect the holiday decisions of consumers as well as affect their destination preferences. Besides, the change in the behaviour of the consumers caused tourism businesses to change their understanding of the organization. This situation causes many changes in the understanding of tourism marketing and sales. Considering the situations where Covid-19 affects some countries more seriously and some countries relatively, there have been some changes in the destination preferences of tourists who want to travel. In addition to the number of cases, several decisions made by states can also be effective in changing or determining the destination preferences of tourists. There are cases where states or local governments find some countries riskier, prohibit travel and flights to those countries, and consider some countries as less risky and do not put any obstacles in travel and entry into the country. In addition, consumers prefer to travel by individual vehicles, and public transportation, which is considered crowded and risky, has also greatly affected vacation times (Li et al., 2020a). The devastating effect of the epidemic also affects personal disposable income, costs, health risks, and consumption capacities in tourism and travel behaviour (Gössling et al., 2020: 14).

It would be useful to evaluate the impacts and opportunities caused by Covid-19 on tourism marketing and sales from different perspectives on tourism businesses, tourism staff, and tourists. However, Covid-19 has provided opportunities for some technology and innovation in tourism marketing and sales. Technology has affected tourism as in all industries. New technologies that make life easier have started to be used frequently in tourism. New technological developments such as AI and robotic applications are used frequently in the global epidemic period. It is thought that this and similar technological developments will be more popular in the tourism industry after the Covid-19 outbreak (Zeng et al., 2020). There are some measures taken against the virus, such as contactless pos machines in restaurants and cafes, contactless fever measuring devices, buying contactless tickets in museums and historical places, and entering by scanning a barcode. Technology is used to increase the number of visitors to tourism and for a safe holiday during the pandemic. It seems that technology will be more integrated with tourism in the future. In this period of restrictions and prohibitions, museums, archaeological sites, and theme parks can be easily visited thanks to virtual reality. In this period, it is possible to say that isolation will be at the forefront, starting the digitalization period to a great extent.

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On holidays, where robotization, non-contact processes, social distance, hygiene, and sanitation will be prioritized in many places, an all-inclusive hygienic system will be offered instead of the all-inclusive system with elements such as sterilized kitchen, disinfectant, mask, and gloves (Spark, 2020: 25). It will be ensured that the processes (elevator, door key, use of in-room devices, electricity use) from the entrance to the hotel to the room are carried out in a contactless manner, with the businesses turning to smart applications and smart kiosks in sales and reservation. In restaurants, online ordering and self-service applications will replace disposable materials (Atay, 2020: 171).

SOLUTIONS AND RECOMMENDATIONS

The fact that the pandemic creates fear and anxiety in consumers causes intentions and behaviours that are difficult to measure and unpredictable. Considering that consumer preferences and decisions occur sometimes suddenly and sometimes in the long term, it makes it necessary to make short or medium-term plans. In addition to making temporary plans for the solution of the effects of Covid-19, tourism enterprises should also go for radical changes, considering that consumers will also have permanent effects. For certain, epidemics are thought to have long-term effects as well as short-term effects on tourism (Acar, 2020; Bakar & Rosbi, 2020; Hoque et al., 2020).

The easy transmission of the virus and the necessity to maintain social distance cause tourism activities to pose a great risk. To ensure the safety of both tourists and employees, tourism enterprises need to make reorganizations in open and closed areas. Moreover, it is necessary to maintain the personal capacity to maintain physical distances in tourism facilities. Employees should be provided with the necessary training and information on pandemics and hygiene. Also, the control of whether the tourists are loyal to the individual rules that must be followed for health and hygiene should be done with the same meticulousness. Many of the mentioned solution suggestions can be minimized thanks to technology. Moving marketing and sales in tourism to online can both minimize the negative impacts of Covid-19 and reduce the time cost of transactions.

FUTURE RESEARCH DIRECTIONS

Firstly, while consumers made travel decisions according to their economic and social preferences before Covid-19, psychological preferences may have been included in this after Covid-19. So, studies can be conducted to re-examine the

holiday behaviour of consumers and to reduce the unplanned purchases foreseen. Secondly, closure of borders due to Covid-19 and serious quarantine rules causing job losses and health concerns have revealed the necessity of restructuring tourism in the future. Research can be done on this changing situation. Thirdly, due to the interruption of surveys and other research methods during the Covid-19 period, such data could not be collected. Closures of borders, movement restrictions, and lockdowns have resulted in either cancelling or delaying surveys (UNWTO, 2020). Therefore, future studies can present the issue in more detail and more statistically by doing more studies on the relationship between Covid-19 and tourism, independent of possible limitations and restrictions. As a result, for the future of tourism, new and radical decisions for online can be made by taking opportunities. Moreover, the benefits of online tourism marketing and sales can be enjoyed as the effects of Covid-19 decrease.

CONCLUSION

Since the existence of humanity, many epidemics have threatened the lives of people. Before Covid-19, outbreaks such as Plague, SARS, bird flu, swine flu, and Ebola had significant effects on the lives of individuals, institutions, and states. Despite the global crisis in the 21st century, many natural disasters, and political conflicts between countries, the efficiency and contribution of tourism to the economy have increased rapidly. Tourism not only contributes to the national economy but also has positive effects on the image of the country or a particular region. This positive image is a driving force for art and the preservation of history. Thanks to tourism, while tourism regions are promoted in the international market, it causes tourism products of that region to be heard outside the border.

For certain, Covid-19, which affects all industries, perhaps caused the greatest damage to the tourism industry. Although Covid-19 affects all tourism businesses, it is mostly small and medium-sized enterprises that receive the greatest damage. Since tourism will not be easy to revive after the pandemic, the impacts experienced by small and medium-sized enterprises seem to have an impact for a while after the pandemic.

Considering that the pandemic will have long-term impacts, it is generally accepted that international travel can be seen as risky due to health concerns. Therefore the number of foreign visitors will not reach the old figures soon and that supporting domestic tourism, which is perceived as partially safer for people, may be beneficial for all countries (Alaeddinoğlu & Rol, 2020: 240). Thus, it can be said that tourism businesses focus primarily on safety and health in their marketing and sales understanding, and it can be beneficial in persuading consumers and

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reducing their risk perceptions. Higgins-Desbiolles (2020) points out the necessity of a community-centered tourism framework that redefines tourism according to the interests and rights of local people.

This global crisis provides an opportunity for both administrators, government, and local governments in moving to more balanced and safe tourism (Ioannides & Gyimóthy, 2020). Therefore, post-Covid-19, tourism businesses, and local governments need to focus on a more sustainable tourism understanding. If authoritarian-leaning national and local governments continue to approach tourism only from an economic perspective, it will mean that no lessons have been learned from the crisis (Hall et al., 2020). Moreover, Niewiadomski (2020) argues that making post-Covid-19 tourism more economical, fairer, more social, and more sustainable will depend on all stakeholders.

As mentioned at the beginning of the chapter, there are many examples of pandemics encountered in the past. Today, other pandemics or crises may await the world economy, which is trying to cope with the Covid-19 pandemic, in the future. Thus, the more you are prepared for these adverse situations, the more protection and resilience can be made for pandemics or crises. Taking action will reduce concerns about the future and will require less effort to fight in the future. Thanks to these precautions, fewer job, and worker losses as well as less economic, psychological, and sociological damages can be encountered.

Tourism businesses have to change their business practices due to Covid-19. The rapid spread of the internet in all areas of life and the increase in the number of internet users caused tourism activities to move to the online platform. However, the Covid-19 epidemic that occurred in 2019 caused the sales and marketing activities in tourism to take place largely online. Covid-19, which causes radical changes in the sales and marketing practices of tourism enterprises, is predicted to change the course of the industry in the future. In the digital world, it can easily be said that tourism marketing and sales will be more technology-oriented than before. Although the moving of marketing and sales activities to the online in the tourism industry occurs faster during the pandemic process, the tourism industry, which will not be indifferent to technological developments, will adopt many more innovations. This digitalization in the tourism industry also depends on the recovery of tourism in its old days post-Covid-19. The development of new technologies has led to the digital transformation of destinations, facilities, goods and services, business experiences, and ecosystems in the tourism industry. Digital transformations have led to the development of principles, relationships, and business models in the tourism industry. Moving tourism marketing and sales to online platforms by keeping up with the digital transformation and adaptation to the online environment is an issue that needs to be addressed today. Tourism businesses reorganize their operations by seeing new trends as an opportunity in the online.

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KEY TERMS AND DEFINITIONS

Artificial Intelligence (AI): Is an important application in the tourism industry and is used to create personalized presentations for clients.

Internet of Things (IoT): Is digital machines that allow devices to be connected and controlled by a microprocessor and the internet.

Virtual Reality (VR): Is among the technologies used in marketing, sales, and management in the tourism industry and offers high-quality entertainment applications.

Chapter 4

The Transition of the Pharmaceutical Sector Marketing Activities: Traditional Marketing to Digital Marketing After the Pandemic Period and the Results

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ABSTRACT

The aim of the study is to understand the change in marketing practices in the pharmaceutical industry in human health during the pandemic process and to reveal the projections for post-marketing strategies in Turkey. With analyzes such as the speed of the industry's adaptation to change, the flexibility of digitalization, the suitability of the existing structure, and the number of employees, future projections have been analyzed on the basis of the evaluations of pharmaceutical sector managers. The environment of the sector that has developed as a result of digitalization has been examined with its positive and negative aspects in terms of employment and employee competencies. As a result, all stakeholders in the pharmaceutical industry are not fully prepared for this process, adapting more slowly than expected in terms of adaptation time. As a living process, the preferences and methods need continuous and regular updating, but it has revealed the fact that digitalization will be passed as a partial and complete final result in its forward-looking predictions.

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INTRODUCTION: GENERAL SITUATION AROUND THE WORLD

Factors such as unexpected events and epidemics at the global level pose serious threats around the World. Almost all sectors are affected by these crises. Many of the countries seem to be caught by the pandemic unprepared and with current capacity shortages. Naturally, the human based pharmaceutical sector, which is affected by these crises like other sectors, as well and is trying to maintain its position in the health crisis that has recently shaken the world.

Its technical name is SARS-CoV-2 or 2019-CoV, coronavirus or COVID19 as everyone knows it is the main agenda item for 2020. Technically, the virus, which is 80% -90% similar to the SARS virus, is considered the new version of the severe respiratory syndrome epidemic. The virus, which was much more contagious than the SARS and MERS viruses in the previous periods, can pass from person to person through my breathing. Moreover, although similar symptoms are seen during the disease stage; disease, as the severity of symptoms varies from person to person. Not going to the hospital for those who have mild symptoms also increases contagiousness. The spreading rate of the virus is therefore much higher than MERS and SARS. While it takes 2.5 years for MERS to infect 1,000 people, this period It was 130 days for SARS. COVID19 crossed the same threshold in just 48 days. While more than 80,000 cases were recorded in China, South Korea, Japan, Iran, Singapore, Hong Kong, the USA, Thailand and Australia were among the 40 countries reporting cases. The coefficient known as the virus staining “basic reproduction number” is thought to be between 1.4 and 2.5. This shows that the owner of the virus can transmit the virus to roughly 1 to 3 people.

Still, the World Health Organization notified the global public health crisis related to the virus on January 30. The World Health Organization then raised the alarm level from ‘high’ to ‘very high’ for the rapidly spreading corona virus worldwide. This meant that it was decided that the epidemic was threatening other countries than the starting point and that a global initiative was needed to keep the epidemic under control. Finally, the World Health Organization decided to describe the disease as a “pandemic” on March 11th.

Pandemic is the general definition given to epidemic diseases that are seen in more than one country or continent, spread over wide areas and have an effect. Although it is not possible to predict the course of the epidemic, epidemics are likely to be overcome slightly, resulting in serious discomfort or death. Since the beginning of the 20th century, there have been 5 pandemic processes in the world. Unlike the other four pandemics, Covid-19, which is not a flu virus, caused by coronavirus. It was first seen in Wuhan Province, China, in the last days of December 2019, the disease that developed as a result of the respiratory symptoms was defined as a

pandemic on January 13, 2020. The first Covid-19 death case was announced on March 17, 2020 in Turkey.

The figures have seen at the beginning of the epidemic in more disciplined countries such as Germany indicated that the epidemic was under control. In a period when there was no treatment and no vaccine, meant that before the normalization was to return to life in a more controlled way. Here, we had also seen a balance between economic and public health concerns in each country. Sweden, on the other hand, presented an interesting decision. In Sweden, more herd immunity was wanted, but the price they paid in return resulted in roughly 3 times more deaths compared to Norway and Denmark. When we looked at the death rates and the total population, the countries that can be called successful in the early stages of the attack were South Korea and Singapore, but the fight against Covid-19 is also shown among the exemplary countries in South Korea, nowadays which has recorded the highest case increase since 7 March. The Covid-19 outbreak has adversely affected the health systems of the countries, and continues to affect it. The total number of cases in the Covid-19 epidemic, which was effective worldwide, approached 85 million in the first days of 2021. According to the data of the “Worldometers”, where Covid-19 data was compiled, 159 million 313 thousand people worldwide were caught in coronavirus, while 3 million 307 thousand 496 people died due to the epidemic on May 2021. 137 million 461 thousand 82 people who got the virus recovered. While a record increase was reached in India, while measures were tightened in South Korea. The number of cases reached 33 million 463 thousand in the USA, 22 million 662 thousand in India, 15 million 150 thousand in Brazil and 5 million 77 thousand in France. Turkey, on the other hand, was the 7th country in the world with the highest number of Covid-19 cases with 5 million, 31 thousand 332 people in the European Union countries.

There are two things to be considered here: the first is to report cases and deaths; if it is not tested, the case is unknown, and if so, it is not reported. Therefore, although the total number of cases is shared, the actual numbers are far above the announced. On the other hand, the only example we can compare this pandemic is the H1N1 pandemic in 1918. When looking at that time, the pandemic has spread over 2 and a half years, and it is estimated that between 40 and 100 million people lost their lives. Since antibiotics were discovered in 1928 and were not available to the public until the 1940s, however, we are talking about a very different world compared to today. Today, the genome of Covid-19 was announced in a few weeks. As a proof of development, according to the shares of New York Times on 10 November 2020, regarding vaccination studies that have not reached such a level in any period, “52 potential vaccines are tested at the clinical stage, and 87 vaccine candidates are tested at the preclinical stage. There are 17 vaccine candidates who are close to passing clinical trials and getting approval”. Considering the past vaccine studies,

it is known that vaccine studies lasted between 5-10 years, but 6 Covid-19 vaccines have been approved for limited use. Nowadays, finding the vaccine is a hopeful hope for economies, but the number of cases in the coronavirus epidemic continues to increase in the period. There is still no exact treatment and the vaccines availability cannot spread to the world. Action should be taken against inequality in vaccine distribution, but question is how? The “Defense Production Act Law” is a law that the U.S.A. has not implemented since the Korean war. It was thought that when the vaccine was found, this law would oblige all producers to produce the vaccine. However, it did not turn out as expected. Patent rights are not suspended. Such as Merck, one of the leading companies in the world, has a capacity of 150 million. They have to at least four to five so that it can meet the needs of the people around it There is a capacity problem here. Also, there is no medical life in the world to put one and a half two billion doses of vaccine as well. The scales we are talking about are truly surprising scales that we haven’t seen before. Except for a few drugs, there is nothing proven in the treatment, at least in clinical studies. More than 20 studies are carried out on the treatment side.

AIM OF THE STUDY

The COVID-19 Epidemic (Pandemic) turned into a serious crisis and reset all the balances of the global economy. Many concepts entered our lives with the pandemic thus life focused on “Cleaning-Mask-Distance”. The pandemic process reminded us that human health is ahead of everything. During the pandemic period where digitalization gained a dizzying speed, ‘digitalization’, ‘remote working model’ and ‘hygiene’ became the focus of business life.

In today’s competitive environment, it is seen that pharmaceutical companies spend more on e-promotion activities by providing the necessary infrastructure in order not to lose their market share. This situation has also changed the attitudes of physicians. I evaluated it together with the representatives of the sector, the effects of the Covid-19 crisis in the health sector in Turkey and the world. Nowadays, where the economical use of time is a value, physicians are more likely to prefer digital applications in information-based drug promotion activities, and they may or may not be aware of it.

During, the pandemic period, the pharmaceutical industry needs forward-looking strategies as well as its inadequacy in terms of current marketing strategies against the conditions of the period. This process covers many issues such as production, raw material supply, promotion, management decisions, distribution. This new and unprecedented environment also reveals the need for an up-to-date and innovative approach that should exist in managerial approaches.

In this study, it is aimed to reveal projections regarding the period by examining the human pharmaceutical sector in terms of the Covid-19 process and future activities. At first, the specific applications of the sector will be evaluated, and then the Covid-19 process that caused the change of these fixed behaviors and the inevitable new normal period afterwards will be evaluated. Try to evaluate the use of e-promotion channel applications, which are one of the most used digital tools in the marketing process, in the pharmaceutical industry in human health and to question the attitudes and perspectives of physicians towards promotion.

As the methodology of the research, interviews, a qualitative research method, were conducted with the managers of the pharmaceutical industry for human use with 5 to 25 years of experience and the experienced medical promotion officers, albeit in a limited number with the projections of marketing strategies. 3 main themes managers will be highlighted and questions will be determined accordingly. Regarding the pandemic; planning and organization, digitalization process and future actions will be focused. The study will be evaluated with the help of the appropriate remote communication channels and interview method. They examined the lessons learned in this process and the areas to be invested in the coming months. Outputs obtained as a result of the interview will be discussed and presented in the conclusion section.

DOING BUSINESS URGED TO BE INNOVATIVE

Today companies need to be innovative in its approach in doing business, particularly in the unforeseen environment (Wakus, 2006). Byrnes & Wass (2021) denoted that companies need to accomplish two things well in order for their company to succeed in the post-pandemic era: Select a defensible market segment for your approach, then customize company model to acquire and dominate their target market. To gain new customers and retain existing customers, organizations must manage risks, save costs, and enhance efficiency while digitizing products and offerings and streamlining procedures. The need for business continuity is more important than ever as industry leaders around the world lead their teams forward (Gopisetty, 2020). It is critical for businesses no matter the scale of the companies need to have the appropriate tools and technologies. Thus, SMEs use also varied approaches to digital transformation, which can be described into three tracks based on the context of the company. First, SMEs with a high degree of digital maturity who respond to obstacles by speeding up the transition to digitalized businesses; second, SMEs with a low level of digital maturity who select to digitalize the sales function in response to the challenges. This last set of companies overcomes obstacles by partnering with companies that have superior digital skills (Priyono, et al, 2020).

THE IMPACT OF THE PANDEMIC ON THE BUSINESS WORLD

Although the global economy starts the year 2020 with a growth target, it clearly showed that the existing problems are getting deeper during pandemic and the crisis that gave its signals beforehand is getting bigger. In 2020, the deepest contraction in the world economy since the 2009 global crisis is expected to be recorded. Like all countries of the world, Turkey is trying to heal the deep wounds of the pandemic. Despite all this pessimistic picture, 2021 still shows hope. It seems possible to repair the damage caused by the Pandemic in 2020 and to realize an optimistic picture by vaccinating at least 60 percent of the societies and transitioning to a period without a mask.

In the 2020 December Interim Economic Outlook Report published by the OECD (Economic Cooperation and Development Organization), it is stated that progress in vaccination and treatment against COVID-19 increases expectations and reduces uncertainty. The OECD has stated that it is the 'hope' for a brighter future for the first time with vaccines and recovery in Asia since the beginning of the new type of coronavirus epidemic in the global economic outlook, and announced its 4.5 percent contraction forecast lowered to 4.2 percent in September. The growth forecast for 2021 was reduced from 5 to 4.2, while it predicted 3.7 percent growth for 2022. In the report, it was emphasized that the global GDP will gain momentum in the next 2 years after a sharp decline in 2020.

Sector managers observe that the pharmaceutical industry is less affected. They analyzed the last three recessions, 1991, 2001 and 2008, and looked at company trading volumes in all sectors during these periods. The pharmaceutical industry performs statistically better in all three recession periods. The approximate size of the sector at the end of 2019 is around USD 1.3 trillion. The sector, which grew by 4% compared to 2018, is expected to grow by an average of 4.5% in the period 2020-2023, exceeding the level of 1.5 trillion USD. It is estimated that this growth momentum will be led by developed economies with the support of capital accumulation. (IQVIA Institute.) They anticipate that the pharmaceutical industry will come out of this crisis without much damage. Because of this pandemic unlike the past recessions, it does not arise from financial institutions and credit facilities. The crisis they are experiencing is not due to the risks financial take. This recession suppresses more demand. Of course, when the demand is suppressed, it affects the profit and loss tables.

TURKISH PHARMACEUTICAL MARKET AND GROWTH FORECASTS

Although the pandemic problem causes concerns about our health, the pharmaceutical industry, which has different dynamics and is one of the natural gains in value. As in many other sectors, the pandemic negatively affected the pharmaceutical industry, and the Turkish pharmaceutical market shrank around 3.5 to 4 percent on a box basis. On the basis of prescription, there was a decrease of 12.6 percent (TURKCHEM, 2021).

All these unfavorable conditions and business processes that had to be restructured, of course, caused huge cost increases. In addition to these, Turkish industry, like many other industries, is going through a period of decline in sales. Product portfolios change a lot. If the company includes more chronic and sustainable drugs in its portfolio, it may be less affected. It exhibits much greater effects in those who have more acute products such as pain relievers. Therefore, companies will make different decisions regarding downsizing according to their financial status. In other words, when the pandemic is on a global scale, it has seriously shaken and continues to affect almost all supply chains. In the B2C leg of the end consumer creating the demand, it has changed the demand for products and services in almost every industry. Especially the increase in demand pointed to the lead time and agility parameters in related products.

Sector representatives denoted the B2B leg, “although there were major disruptions in the supply chains on the Chinese side, the effect did not remain local and the chains supplying their raw materials from Europe were also shaken”. Delays in official institutions and ports have extended deadlines. Then, the rapid spread of the pandemic and the panic it created also affected the production processes. There were factory closures. If there is no production, there is no supply. For Turkey, a very significant part of the supply in the pharmaceutical industry is provided from China and India. Even if there are systems established to ensure price standards between countries, especially intercontinental drug pricing differences can exceed 250%. This situation is a serious factor for countries to turn to their own potentials in terms of domestic production and resources.

In one place, this was a process of mobilization for Turkish industries. Although it increased sector inventory costs, the important thing was the availability of raw materials. In the face of shutdowns, they have achieved very efficient process management and time savings by making the same sacrifices with their foreign manufacturers in the documentation and official institution approvals of the supply chain. Again, within the scope of this challenge, sector representatives took steps to shorten shipping deadlines.

The Transition of the Pharmaceutical Sector Marketing Activities

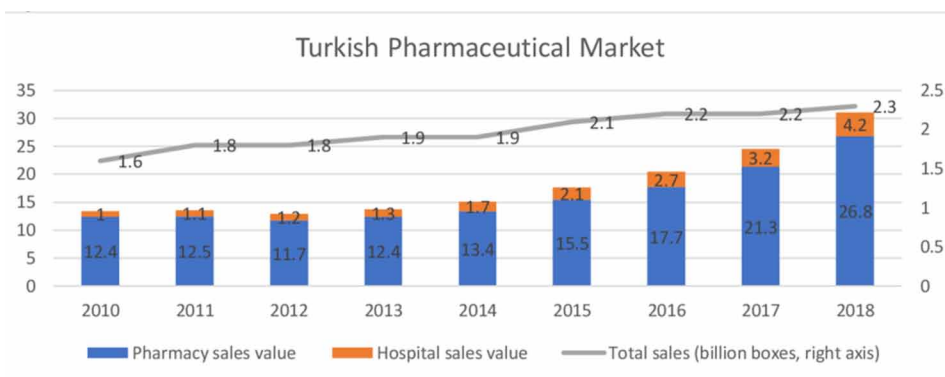
Table 1. Turkish Pharmaceutical Market 2019-2020 first 6 months (per year) Box Volume and Value

	Total Value (Billion TL)			Total Volume (Billion box)			Average Price		
	2019	2020	Value	2019	2020	Value	2019	2020	Value
Pharmaceutical market	19,4	22,5	16,3%	1,18	1,10	-6,4%	16,5	20,5	24,3%

Source: IQVIA – İEİS

They had a 2020 full of sacrifices in stock management and financing in order to find agile solutions against the supply chain uncertainties that arise in relation to the demand changes of customers in terms of supply chain and specific operations (see in Table 1). Based on the six-month period until the end of June 2020, although there was a 6.4% shrinkage on the basis of market box sales, the total value of the sector increased by 16.3% and reached 22.5 billion TL in the first 6 months of 2020. (IQVIA, İEİS)

Figure 1. Turkish Pharmaceutical Market



In the Turkish pharmaceutical industry, pharmacy sales increased by 26.8% in 2018 (2017: 21.3%), while hospital sales increased by 30.6% (2017: 19.0%) in Figure 1. On a unit basis, sales increased by 3.6% (2017: 3.3%), reaching the level of 2.3 billion units. Although the choice of drugs and treatment methods for the Covid-19 epidemic reveals the improvement result in terms of the overall sector value, it has been observed that the industry has caused a contraction in many routine product groups. From this point of view, although the pandemic process is perceived as a positive effect on the sector, all research and development studies and supply

deviation are aimed at the treatment of vitamins, immune enhancers, etc. It has led to the creation of an environment that affects natural flow by turning to products.

The Turkish pharmaceutical industry stands out with its great potential and high-tech production capability. With its geographical location and relatively reasonable cost structure, it has the capacity to enter into global competition. With these aspects, the sector, which is given strategic importance by policy makers; it is regarded as a strong base since it does not experience any problems in terms of sustainability. The sector, which stands out in terms of its place in production, employment and foreign trade volumes, regularly finds itself a place in incentive packages. Despite this, the sectoral foreign trade deficit and the inadequate resource allocation for R&D remain the main problems.

In the pharmaceutical industry, which is expected to reach 1.5 trillion dollars in the next 5 years, the value of prescription drugs in our country is at the level of half of the imported and manufactured drugs (Import 48% - Export 52%). It is in the position of a developing pharmaceutical industry, is expected to increase by almost 8% in the total drug expenditure between 2019-2023, reaching 375 billion dollars. (Pharmerging, 2019) The industry is going through significant changes as a requirement of the digital transformation era they are in. The sector is at a high-level R&D expenses by nature, which is putting into use big data processing and block chain usage in order to increase their efficiency and to reach the optimum point in customer access, beyond medical innovations. In this sense, the sector creates its own development area. On the other hand, companies that want to keep operational costs under control, including auditing, create synergies that will use the production and development channels they choose together by forming strategic partnerships.

COVID-19'S EFFECTS ON THE PHARMACEUTICAL INDUSTRY

The Covid-19 pandemic, which is a global health problem, once again emphasized the importance of the drug, and therefore the pharmaceutical industry, for public health. For all of us, 2020 has been a difficult year to forget and full of difficulties, because we have seen that none of us in the world and in Turkey are ready for such a pandemic for humanity. Countries and economies had serious difficulties, a search for solutions was started very quickly. If we look at the pharmaceutical industry, we have seen that globally and as Turkey, it is a sector that works best and produces fast solutions in this regard.

The pharmaceutical industry, where the demand is constantly increasing in line with the large population structure, does not have sustainability problems due to the inelastic demand. Supported by the increase in average life expectancy, the sector continues to grow with the increasing importance of the social state concept. On

The Transition of the Pharmaceutical Sector Marketing Activities

the other hand, rapidly increasing technological developments; while helping the sector to go beyond its borders, it also creates brand new areas of expansion. The sector is growing not only in the field of therapeutic drugs, but also with a high potential side branch that is classified as consumer products aimed at improving the quality of life.

The Turkish pharmaceutical industry is a parallel development with the world and is still in a growth trend. In Turkey, as in many countries of the world, under strict control, it never takes part in public expenditures. Turkey meets its pharmaceutical needs with a great export. Therefore, foreign and multinational companies maintain their interest, considering the geopolitical importance of both the market and the country.

The Turkish pharmaceutical industry has its own marketing dynamics, independent of other industries. There is no situation where the demands and preferences of the consumers are at the forefront and the promotion activity is provided with warm communication. Parts of the pharmaceutical company can be defined as the public, healthcare professionals, pharmacies and finally patients. This situation is one of the most unique features of the sector. The main difference that separates the pharmaceutical industry from other retail sectors is that drugs contain elements that can directly affect human life and health. In this system, where patients cannot decide on product selection, healthcare professionals and pharmacies, who are decision-making factors, have a serious and important share in the process of informing the pharmacies about drugs. This situation also causes companies in the pharmaceutical industry to allocate a significant budget for their marketing activities.

They detail the effects of Covid-19 on the pharmaceutical industry and divide them into three. First one; There has been an increase in the use of some drugs to manage cases of Covid-19. There was an increase in antivirals, antibiotics, respirators, inhalers and analgesics. Covid-19 cases are not seen as profitable for hospitals in Turkey, generally they are not paid, hospitals suffer from these cases. Latter; therapeutic areas such as some autoimmune diseases, immune diseases, oncology, hematology are not affected much. Because people keep taking their medication. Since these are not acute or hospitalized drugs, people can continue to take them. The problem here is that there are no new cases, since there will be a relative descent in numbers. Thirdly, those who are very negatively affected, for example; There will be areas such as ophthalmology, dermatology, gastroenterology where patients do not want or cannot see their physicians. Since there are office-based works, for example; there is a big drop in elective procedures.

In Turkey, especially the local pharmaceutical industry has large field teams. The reason this is that one-to-one communication of medical promotion officials plays an important role, especially in the promotion of branded generic drugs. However, these activities have now been severely restricted. The majority thinks that they are

not ready enough digitally in this process. Since we have been talking about Covid-19 for a long time, it is possible to see some permanent changes. The sector progressed with more distance practices, by calling doctors and pharmacists as much as possible, and making Zoom talks. Under partial or complete lockdowns have changed the way consumers buy and consumption as well. In terms of the health sector, tele-health needs to grow. The health sector is in a process of change in this respect. Digitalization, e-commerce and e-retail issues have become very important. There will be permanent changes in the digital field. That's why there is a huge workload on the digital health side. The pharmaceutical side is making serious investments in the digitalization of promotion even now. Sector representatives think that searches and investments for alternative, remote accession for healthcare professionals will continue. The pharmaceutical industry has seen the efficiency of remote work and that certain staff does not actually need to be in the office. Now, on the one hand, scenarios for new ways of working in the sector are being studied. People will continue from home for more than a year. The physical necessity of buildings and offices started to come to the fore regarding working life.

Representatives will no longer be able to enter hospitals legally, because both companies do not want to risk their representatives. Doctors and hospitals do not want them to bring viruses from outside. It can be talked remotely, digitally. Physicians also need to understand pharmaceutical companies through the channels other than the representative come to the fore. There will be a shift in the use of channels, for example participation in webcast meetings They see that it has increased compared to before. However, now there is no expectation for the agents to re-enter. They seem unable to enter without the vaccine. As many authorities point out, health infrastructures have to improve all over the world to exit the pandemic. Even if the Covid-19 vaccine becomes widespread, social distance will continue to be maintained until herd immunity is reached. So, we all learn that we will no longer have old habits and lifestyles.

BASIC AREAS TO BE MANAGED IN THE WORLD AFTER COVID-19 & NEW SALES AND MARKETING APPROACHES IN THE FIELD

Covid-19 caused losses of up to 80% in private hospital turnover. Hospital outpatient clinics did not work adequately, so no patient resources could be created for either surgery or other diagnostic units. Here, some issues came to the fore very seriously; "the first is to stay healthy". Healthcare Industry was seriously affected by Covid-19. and doctors, nurses and auxiliary staff are working to prevent the workforce and their patients from becoming infected with the virus.

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Every hospital has started to enter the subject of tele-health in one way or another. They have been talking about tele-health for years, but it has never been on the agenda as much as in the last months. Some new products started to enter the market. Pharmaceutical sector representatives were launched a solution for telehealth as well. Another issue is home health care; this is one of the areas whose demand will continue to increase in the upcoming period. Digital solutions specific to this issue have also started to be produced. In this period, cooperation is expected to strengthen, but the most important issues are increasing the efficiency of hospitals and reducing their turnover losses. Some private healthcare companies are seriously affected by this process. In this context, steps will be taken in the areas of cost reduction, spreading health services to wider audiences, increasing service diversity and scale efficiency (they can do this through mergers and acquisitions or creative partnerships), and evaluate opportunities to incorporate new talents to increase health care value.

Let's check the consumer habits in the healthcare industry: There is a natural increase in drugs that strengthen immunity. They rose in March and will continue to rise. To predict sustainability, but only in the continuation of Covid-19, people will demand vitamins and zinc. They don't know the future because sector members need to see a change in consumer behavior.

The social psychology that occurred during the pandemic caused the patients who needed to go to the outpatient clinic not to go to the hospital, postponing surgical cases, postponing routine controls, and even disrupting the chemotherapy and radiotherapy that should be done. Small-sized health facilities that are specific to the subject were positively affected during this period.

There was an obvious decrease in the relevant departments of large hospitals. The patient himself felt safer in such facilities that are specific to subject than in general hospitals. It is observed that the share of the state in healthcare will increase even more in the coming period. This may make us think about whether it is better for the private sector to build more specific health facilities rather than large hospitals in the upcoming period.

However, technological investments continue seriously. In this process, medicine and medical device employees continue to transfer value with avatars from virtual environments. When they look at the investments in the Covid-19 axis in health, they see that investments have been made in antiviral and antibacterial fields. Studies are carried out to use newly developed antiviral and antibacterial solutions in clothing with smart technologies. Therefore, not only the medical device area gains momentum in protection from Covid-19, but living spaces and textiles gain serious importance together with wearable technology. Foreign investors are very interested in these issues. Tele-health is also among the top priorities. Home health

improves a lot and big investments are made in this field. They see a return to digital in both products and processes of all institutions.

There are very important developments in the field of biotechnological pharmaceuticals in the world. It is unthinkable for us to lag behind this development. In this direction, pharmaceutical companies have been making great investments and carrying out important studies for a long time to develop and produce biosimilar drugs in our country as well. However, there is a serious legislative obstacle before the introduction of biosimilar drugs for the use of local patients. These products are still licensed through the legislation based on the USA and the EU.

METHODOLOGY

In this study, the Covid-19 pandemic process, determination of future marketing strategies and employment in terms of competence, interview method was used on behalf of foresight opinions. The universe of the study is executives and specialist promotion officers who are active in the human pharmaceutical industry, taking part in active field work strategies in domestic and foreign companies. Managers and specialists in the sector, especially the employees outside the province, were carried out through remote communication channels in the format of an appropriate to the dynamics of the period, and prior information was given about the interviews. Interviews with the mutual consent and appointment system were carried out in daily usage periods.

By pharmaceutical companies affiliated with the Association of Research-Based Pharmaceutical Companies, “has been decided to stop the activities of medical promotion officers on 19.03.2020 taken by the member companies on their own initiative to visit all healthcare workers, including pharmacies, regardless of the branch and institution. In the period until the second announcement to be made, it has been deemed appropriate to carry out promotional activities using electronic methods (remote video conference, telephone, e-mail, etc.) It was decided to restrict face-to-face promotional activities until the second announcement, without specifying its duration.” This declaration decision for an indefinite period, taken by the member companies of the Association of Research-Based Pharmaceutical Companies (AIFD) on a sectoral basis and recommended to carry out our promotional activities via electronic remote methods, has actually become a future-oriented reference indicator against the determination of the business methods of the sector in the next period.

In the current limited quarantine period, the application of short-time work allowance, the application of the transition to the remote working method, the application of remote and face-to-face promotional activities were carried out with field managers and employees who were already using different practices during the

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same period. As listed in the Table 2; interviews were conducted with employees operating in 7 Istanbul, 2 Antalya and 3 Ankara regions. Employees working in companies with domestic and foreign capital are specified in the company tab, and this work with those responsible who act with different working strategies for generic and original products in different branches has been diversified, and it has been possible to question different working methods and approaches for the same purpose. Questions related to the specified pandemic period were asked to managers and specialist medical promotion officers in an open-ended manner, and the findings were revealed and interpreted.

Table 2. Details on survey participants

Working code	City	Title	Graduation	Sex	Firm	Experience (year)
1	Istanbul	Medical advisor	Graduate	Female	Foreign	9
2	Istanbul	Key Account Manager	Graduate	Male	Domestic	5
3	Antalya	Area Manager	Graduate	Male	Foreign	18
4	Istanbul	Area Manager	Post Graduate	Female	Foreign	11
5	Istanbul	Medical advisor	Graduate	Male	Domestic	5
6	Istanbul	Sales Manager	Post Graduate	Male	Domestic	20
7	Ankara	Area Manager	Graduate	Female	Foreign	11
8	Istanbul	Key Account Manager	Graduate	Male	Domestic	5
9	Antalya	Area Manager	Graduate	Male	Foreign	9
10	Ankara	Area Manager	Post Graduate	Male	Foreign	23
11	Istanbul	Medical advisor	Graduate	Female	Foreign	22
12	Ankara	Area Manager	Graduate	Male	Domestic	6

The research questions regarding the permanent strategies during and after the pandemic were arranged in a way that besides the current planning and organizational activities, the transition to the digitalization process and the consequences of this sudden transition will shape our way of doing business permanently and reveal future projections. These questions were interpreted by interviewing the officials who took an active role in these periods and were in the decision process. Research questions related to activities in the human pharmaceutical sector covering pre, pandemic period and post-pandemic period;

1. Evaluate the pandemic process in terms of your sector and your business.
2. What kind of prevention strategies have been implemented regarding the pandemic? How do you think it should be implemented?
3. Were you and your employees ready for the pandemic process and the period after it?
4. How do you think marketing strategies should be after the pandemic process?
5. What are the Healthcare Professional attitudes during the pandemic process?
6. What are your daily healthcare professional promotion goals in the pre-pandemic and pandemic periods?
7. What are your projections and suggestions regarding the competencies of the medical promotion officer after the pandemic in terms of the human pharmaceutical industry?

ANALYSIS AND FINDINGS OF THE RESEARCH

The study was gathered under 3 main themes determined for the analysis of interviews with managers and experts in accordance with the dynamics of the period.

1. Planning and Organization

The comparison of the pandemic period and the pre-pandemic period, and not only the updating of business practices, but also the approaches in terms of personal security are evaluated under this heading. In addition to the reactions to the sudden crisis period, the necessary infrastructure, individual competencies are questioned under 1, 2. It has been interpreted with the answers given to the questions.

2. Digitalization

When we enter the pandemic period, the only and most important feature that everyone questions both in their own personal and in terms of the working infrastructure of the company is the tendency to digital. This most important factor, digitization, was interpreted with the answers to the 3rd question.

3. Future Projections

Experiences gained through experience during the pandemic period not only affected the adaptation speed of the process and instant decisions, but also influenced the promotional activity decisions to be taken in the short term. Including all healthcare professional attitudes 4,5,6,7. The answers asked in the question are interpreted in this section. The reactions of the managers and specialist employees of the pharmaceutical industry who were interviewed to

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the individual and business-based questions regarding the pandemic period that unexpectedly entered their lives, and the general views on the process are as follows;

Table 3. Participants' evaluations about the management of the process

Working code	City	Title	
1	Istanbul	Medical advisor	We followed a process where we prioritize security.
2	Istanbul	Key Account Man.	Without even getting the chance to adapt to the process, the company switched to the short work allowance format. This decision made us move away from the process rather than adapt to the process and put us in the observer role, means increase the uncertainty.
3	Antalya	Area Manager	In this process, especially the decisions taken by public authorities and institutions such as AIFD were complied with.
4	Istanbul	Area Manager	The path followed in the sense of focusing on creativity and innovation, managing the process rather than following the process and making a difference is predicted to have a positive impact on healthcare professionals.
5	Istanbul	Medical advisor	In this sensitive process, besides the decisions taken in terms of security, a non-commercial ethical attitude was displayed in the methods of activities for Healthcare Professionals.
6	Istanbul	Sales Manager	We determined our channels with the decision to work remotely. By displaying a determined and planned attitude from the beginning of the process, we proceeded with a setting where motivation is at the forefront without reflecting the uncertainty about the process to the employees.
7	Ankara	Area Manager	Due to the constantly changing preferences of the process, the process in which we turn the feedback into instant action in order to keep ourselves up to date was monitored.
8	Istanbul	Key Account Man.	How are the new interaction channels widely available and focused on these questions? Preferably, the priority given to effectiveness was based on decisions.
9	Antalya	Area Manager	By observing precaution, we limited our activities in order to circumvent the process with the least commercial damage.
10	Ankara	Area Manager	The process in which security measures are at the forefront was followed
11	Istanbul	Medical advisor	The expected digitalization came into our lives in an unexpected situation. We tried to adapt to the changing process
12	Ankara	Area Manager	We observe that there should be changes in the methods and decisions of remote promotion activities, which healthcare professionals will start to question not only in terms of compliance but also in terms of ethics, in this short time.

Planning and Organization

The emergence of the period as a result of an epidemic dynamics and the fact that it directly affects the process and needs healthcare professionals as the stakeholders naturally brings along sensitive approaches on sectoral basis. In addition to a durable

image at every stage such as communication channels, frequency numbers, messages to be taken, a flexible attitude was felt in decisions made on a managerial basis. The shift in perception towards Covid 19 treatment products in the sales rates in the market has also affected the messages to be given regardless of the branch and product. As the main goal, the first reflex of the decisions taken in the first place against keeping the employees in a safe environment was frequently included in the findings as the first reflex. The decisions taken after the uncertainty and inevitable consequences of the process continued as trainings for the use of remote working tools and channels.

Apart from active face-to-face activities, it is discussed how interviews that are remotely and in need of a vehicle and channel will not be considered temporarily in the first place and will not give the same warmth as face-to-face meetings, but these activities have started to be tried and adopted, and sector executives have been convinced of their inevitable position in their business and social life. The compulsory acceptance of channels, which are considered not to be welcomed by the stakeholders in the sector, in interview feedback, accelerated the process of adaptation to the digitalization process. It has been determined that this accelerated but not yet cleared approach processes, the rates of surveys conducted for healthcare professionals in the recent period are 24 times higher and varied compared to previous periods. They said that it can be observe the multitude of feedback methods received from this survey and from the promotion officers active in the field, and how effective the feedback stage is in terms of planning. It has been interpreted that this feedback process will continue at the same frequency and rate throughout the first quarter of 2021, as the consensus of the executives.

Digitalization

The implementation of the compulsory digitalization brought about by the pandemic period is seen as an advantageous environment in terms of transition to digitalization in general interpretations. Executives started to use the features of tablets, phones and other devices that they currently have as a requirement of the industry, by inventing them in a way with channels and methods, instead of only interacting face-to-face, for the same purpose, but in a more comprehensive way. It was noticed in the responses of the managers that face-to-face interviews with the same purpose were applied with similar and different applications. This revealed the difficulty experienced by healthcare professionals in terms of having, using and adapting different practices.

It is understood from the feedback that it is inevitable that remote activities, which allow for inter-provincial and inter-regional interviews without a distance limit, are in a more advantageous position in terms of time management and cost, will affect the way they do business, employee competence needs and the number of

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employees. Due to the dynamics during the pandemic period, different applications were made in evaluating our business results, as well as our business conduct. In this sense, besides the box and TL-based outputs, the effect of compliance with the visit targets, including periodically given remote channels, on success criteria and personal development competency assessments was also experienced in this period and it was predicted to be implemented in the future.

Future Actions

Actions for the future are gathered under 3 critical issues. First of all, the importance of localization and domestic production understanding has been understood due to the critical location of India and China, which has a rate of over 50% of the world pharmaceutical raw material supply, and the variability including price differences between countries. The need for change in import and export rates was felt more in this period, apart from issues such as not only generic, active substance production, by making research and development expenditures at the top of the pharmaceutical sector investment items more active.

Another critical issue is the investments in the digitalization process, which is constantly postponed after the research and development studies, which affect and involves all participants. Details such as the diversity of frequencies, tools and channels have a very high role in the messages that are expected to be effective in promotional activities. The fact that digitalization is open to unlimited development due to its nature reveals its importance in differentiation at this stage.

The third critical issue is Vaccine Development. The localization in vaccine development, which stands out as the most important global common need in pandemic periods that are not desired to be experienced in this style, is the common general thought, as the investments in the mentioned research and development studies have shifted to immune-enhancing products for Covid 19 treatment in the market. In addition, the merger of different companies for a single purpose, the increased public and sectoral support in this period, and even informing everyone about the process by explaining the research and development activities more clearly gives hope for humanity.

As it can be seen in the Table 4 the answers of daily healthcare professional promotion number targets in the pre-pandemic and pandemic period are exhibited, an unexpected process is observed when the healthcare professionals' promotional activities and the companies interviewed are taken as the basis of the 2019-2020 period for the purpose of comparison as the closest period.

Despite the unexpected consensus, no matter how much it seems to be a crisis process, no significant decrease was observed in promotional activity figures. If they compare the interactions with the remote channels, which are permanently

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adopted in the digitalization process, which are gradually or directly passed through and expected to continue to be used in the future, with the feedback received, it is predicted in the inquiries that a distance meeting standard of approximately 30% will continue in the first place in the new normal period. When the companies interviewed are evaluated, it is anticipated that the medical promotion officers, who have an average of 12-19 daily healthcare workers' promotional activities, will be given the goal of meeting with 3-10 remote channels in the short term, in addition to these activities or to the number of face-to-face visits in the short term.

They denoted that “if we look at the joint planning decision times in the interviews in general, we can evaluate the year on a quarterly basis instead of longer-term annual plans in the first place, and we can state that more flexible evaluation of action plans in this direction is preferred in terms of flexibility in implementation”.

Table 4. Old and new regular period visit goal variables

Working code	City	Title	2019 December	2020 December	2020 December		Firm
			Daily Visit goal	New Regular Period Visit Goal	Remote visit goal		
1	Istanbul	Medical advisor	14	14	4	28,5%	Foreign
2	Istanbul	Key Account Man.	15	15	3	20%	Domestic
3	Antalya	Area Manager	12	10	2	20%	Foreign
4	Istanbul	Area Manager	14	17	4	23,5%	Foreign
5	Istanbul	Medical advisor	19	19	10	52,6%	Domestic
6	Istanbul	Sales Manager	17	17	3	17,6%	Domestic
7	Ankara	Area Manager	12	12	10	83,3%	Foreign
8	Istanbul	Key Account Man.	14	14	6	42,8%	Domestic
9	Antalya	Area Manager	12	17	3	17,6%	Foreign
10	Ankara	Area Manager	13	17	3	17,6%	Foreign
11	Istanbul	Medical advisor	19	19	4	21,1%	Foreign
12	Ankara	Area Manager	17	15	3	20%	Domestic

The human sector employees in the table consist of sector managers and specialist employees who work in 6 different companies, 12 different groups, in different drug categories, which are generally generic, and implement different strategies and messages and promotional activities, even if they are similar branches.

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The first uncertain period and short working period that started working remotely for security purposes as a result of the first sudden crisis of the pandemic period and legally working part-time companies are not included in this table. Based on the variability of the field staff visit target, which is stated in the table above and evaluated for the period during 2019 and 2020, certain decisions have started to be taken and as can be seen in the table, there is no target reduction and naturally no shrinkage in the number of messages to be given, as expected based on the dynamics of the period. On the contrary, due to the dynamics of the period in addition to the standard messages, messages including Covid 19 treatments and processes were added to the standard messages as additional targets.

When the remote communication activities, which are inevitable to be increased in the future, are evaluated in this sense, a serious sectoral change and transition is inevitable. The domains of influence and authority of those responsible for medical promotion, who work in certain and limited regions, are allocated certain vehicles, have fuel limits in some cases and are targeted by independent branches and physicians, also change in this sense. Remote activities, which allow negotiations between provinces and regions without distance limits, are in a more advantageous position in terms of time management and cost, and this advantage will be felt even more when applied, makes it inevitable that they will affect the way of doing business, employee competence needs and the number of employees.

ATTITUDES OF HEALTHCARE PROFESSIONALS IN PROMOTIONAL ACTIVITIES DURING PANDEMIC PERIOD

Healthcare professionals exhibit different attitudes towards remote promotion activities due to the conditions brought by different environments such as the branch, the region where they work, and patient profiles against the pandemic period promotional activities. Apart from such external factors, factors such as the age of the physician, marital status, and use of social media have a share in the process of adapting external stakeholders to the process.

As can be seen in the Table 5, in the results including the answers given to the interview question, the physicians prefer face-to-face promotional activities, which they are traditionally accustomed to, as a priority, even if issues such as distance and contact are on the agenda. However, the feedbacks received and the same surveys, which are currently applied in different periods, have proven that these approaches and preferred channels change periodically. In a survey conducted in April, while the preferences of healthcare professionals to meet face to face was around 15%, the result of the same survey in November was 40% as remote channels. Generally, the fact that medical promotion officials and physicians have certain working hours

and different examination methods on the basis of the branch have caused these interview preferences to occur during working hours and under difficult conditions. Healthcare professionals, who were previously visited without an appointment and within a program, also need situations such as making an appointment in advance when they prefer to be interviewed remotely, contrary to expectations. In addition, unlike face-to-face interviews, it has been observed that the purpose of the interview or the factors in preparation for the next meeting cannot be questioned, and healthcare professionals are not fully ready like medical promotion representatives, who need a tool in which only our auditory perceptions are at the forefront.

Table 5. Remote Channel Preferences and Attitudes of Healthcare Professionals

Working code	City	Title	Interview Preferences	remote call channel preferences	remote call duration preferences	Branch
1	Istanbul	Medical advisor	Face to face	none	1-5 min	pediatrics
2	Istanbul	Key Account Manager	Face to face	tel sms	1-5 min	Pediatrics, Family Medicine
3	Antalya	Area Manager	Remote	tel sms zoom	1-5 min	Pediatrics, Family Medicine
4	Istanbul	Area Manager	Face to face	none	1-5 min	Internal Medicine
5	Istanbul	Medical advisor	Face to face	tel sms zoom whats up	10-15 min	Cardiology
6	Istanbul	Sales Manager	Face to face	tel e-mail	1-5 min	Pediatrics, Family Medicine
7	Ankara	Area Manager	Remote	tel sms zoom whats up	5-10 min	Pediatrics, Family Medicine
8	Istanbul	Key Account Manager	Face to face	tel sms zoom whats up	5-10 min	Pediatrics, Family Medicine
9	Antalya	Area Manager	Remote	none	1-5 min	Pharmacy, Family Medicine
10	Ankara	Area Manager	Remote	tel sms zoom whats up	1-5 min	Internal Medicine, Family Medicine
11	Istanbul	Medical advisor	Face to face	tel sms zoom whats up	5-10 min	Internal medicine
12	Ankara	Area Manager	Face to face	tel e-mail	1-5 min	Internal Medicine, Family Medicine

From the point of view of medical promotion officials, the effectiveness of the messages given, the status of meeting the needs for the healthcare professionals, has been replaced by the priority of not disturbing the balance of the routine working environment. As can be seen in the table, generally short (1-5 minutes) and most

used tools (phone, sms, whatsapp) were preferred. However, due to the importance of visual memory and methods, which are the indispensable communication method in the promotion activities of the sector, approved e-mail notifications and the rate of opening these e-mails are also among the methods that companies follow and apply seriously.

As a result of these predictions and findings, it is possible to encounter new call center-style working systems in the human pharmaceutical industry, where face-to-face promotional activities are no longer a single method, and personal competencies in the digital sense are at the forefront. Applying 30% remote working targets even at the beginning of the new normal period, which is only adapted to the new period, physically, with the provision of a vehicle, and most importantly, the transition from a system that requires time management and most importantly, which brings costs as a result of these situations, to a call center-style system, which is evaluated in the sector and It is one of the features that are questioned even in new recruitments.

CONCLUSION

In this study, the position and forward actions of the pharmaceutical industry during the pandemic process were evaluated. In the evaluation, activity plans taken in the new normal period after the pandemic process were taken as basis, apart from the current sector's specific practices. The outputs have been interpreted as a result of the interviews made with the managers and experts who have taken active roles in the decisions and implementation of the actions in this process, albeit in a limited number. In these outputs, the attitudes of healthcare professionals are also questioned and evaluated.

Following the visit restriction imposed on medical promotion officers by the decision of the medical drug and medical device institution (TITCK) taken in March 2020, an activity environment that takes place remotely for healthcare professionals through different channels has developed due to increasing the speed of adaptation to the process and making a pioneering practice. This negative intense experience seriously affected the attitudes of physicians in the first place. However, it is a living process that enables an unlimited promotional activity environment with digitalization and as the next process, ideas such as promotion with square code, virtual reality, reflectors that can be worked remotely to the physician with synchronization, future promotional activities with changing preferences and human medicine sector managers were emphasized in their interviews.

As a result of the feedback received, it has been clearly proved that experiencing the new normal period and not only surviving this process, but also turning the experience of coming out with a forward-looking investment into a serious advantage,

that the pandemic period is a situation that should be considered more positively rather than qualifying it as a misfortune. In addition, it was understood that both employees, managers and even healthcare professionals were not ready for this process and adapted slower than expected in terms of adaptation period and continue to adapt. As it can be understood from the feedback, the process needs continuous and regular updating of preferences and methods, but the fact that digitalization will be passed as a partial and complete final result in its forward-looking predictions has been revealed. As a tangible benefit of digitalization, it was also felt the importance of the fact that companies could provide positive communication, more widespread communication could be provided on the basis of regions, and that this prevalence could be provided by existing tools other than new employment and return costs.

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Chapter 5

The Place of Virtual Reality in E-Retail: Viable Shopping Environment or Just a Game

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ABSTRACT

The global pandemic of COVID-19 pushed the technological barriers and forced both retailers and potential customers to seek new ways of mutual interaction. Even though considered as mostly exclusive to the gaming industry, virtual reality has been gaining more interest outside its original niche. However, it is not clear how this new technology is going to be accepted by average customers in e-retail. This chapter focuses on defining the concept of virtual reality and providing an overview of aspects associated with virtual immersion. Further, the effects of virtual immersion are examined on a group of university students and put in a perspective with their intention to use this technology for shopping purposes in the future. The main emphasis is put on the comparison of hedonic and utilitarian factors of virtual reality adoption in e-retail.

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INTRODUCTION

Augmented, virtual and other digital realities are among the technologies of tomorrow. If companies learn to work with these technologies properly, they can become good helpers in the field of e-retail. Digital realities have the potential not only to increase the operational efficiency of companies but also to be useful to the customer himself or herself, who will be able to test the required goods before the purchase itself, without coming into physical contact with them. In the future, three types of digital reality are expected to be used in the field of retail. The best known type is virtual reality (VR), which creates a completely digital world that fully replaces the real environment. User movement and interaction are ensured by various motion sensing technologies. In contrast, augmented reality (AR) does not replace the real world but rather works with it; with the help of transparent glasses, for example, it expands and complements the user's reality with digital content. Mixed realities (MR) are a combination of both technologies. Much of this technology has been around for three to four years, but thus far, there has been little motivation to use it. This has changed with the global pandemic of COVID-19. The current coronavirus pandemic and the related restrictions have forced everyone to spend more time in their homes than most of us are used to.

VR/MR/AR will naturally be the first to equip the entertainment and gaming industry, and there will undoubtedly be further significant growth in this area. However, the use of these technologies is much wider than gaming and entertainment. Their more frequent application is expected in tourism, which was hit particularly hard in 2020. Currently, travel agencies and museums already offer virtual tours and excursions until it is possible to travel abroad again and exhibitions reopen. The same is true for the music scene, where virtual reality can at least partially replace canceled and postponed concerts. An alternative and adjusted reality is becoming an increasingly popular tool for many companies to work from home, even when training new employees and completing orders abroad, where their employees cannot get due to travel restrictions.

The slowest, yet the most expected, entrance of virtual reality is in the field of e-retail. Online shopping stores using VR/MR/AR are coming. The question is whether they represent a viable shopping option for online users. Virtual reality is a broad term that describes many levels of possible interaction and immersion. In addition, there are many possibilities to use it not only in e-retail but also in e-marketing. In this chapter, we focus on providing a definition of virtual reality in the context of online shopping and explore the factors that may affect the customer experience in these immersive environments. First, we summarize the current findings regarding virtual immersion, and subsequently, we examine the impact of virtual experience on future willingness to use this technology again for online shopping purposes.

SPECIFICS OF VIRTUAL REALITY ACCORDING TO THE USER APPROACH AND ITS IMPLICATIONS

While the technical approach to virtual reality highlights the importance of immersive devices and their ability to transmit sensory information to the user, hence the concept of technical immersion, the user approach to virtual reality highlights the user's contribution to their virtual reality experience. This contribution is essential because, according to Steuer (1992, p. 4):

(...) a device- driven definition of virtual reality is unacceptable: It fails to provide any insight into the processes or effects of using these systems, fails to provide a conceptual framework from which to make regulatory decisions, fails to provide an aesthetic from which to create media products, and fails to provide a method for consumers to rely on their experiences with other media in understanding the nature of virtual reality.

The terminology associated with this approach is not fully established. The user approach is also called cognitive-perceptive (Fuchs et al., 2011), psychological or even interactive (Makransky and Petersen, 2019). A good level of technical immersion, which is obtained thanks to immersive technologies, can manage to partially or totally cut off the user's perception of his or her real environment so that he or she only perceives the stimuli of the virtual world. Psychological immersion, which is qualified as presence, plays a central role in virtual reality (Harvey, 1998; Szabó and Gilányi, 2020). Presence is defined as the psychological feeling of being part of the environment. However, the level of immersion induced by technology may differ for different people.

If the role of immersive technology is to create and shape the user's experience in the virtual world, then the user should not be passive since he or she undertakes a number of actions and interactions that contribute to the construction of experience. The perceptual approach to virtual reality therefore accounts for the role played by the user in their experience of virtual reality. Latta and Oberg (1994) described spatial-functional models that are models of action in the virtual world derived from mental models. The experience of virtual reality from the user point of view thus appeals to the cognitive, motor and sensory capacities of the user, to their past experiences and to their commitment and/or involvement with the experience. Schubert et al. (2001) agree with Latta and Oberg (1994) regarding the importance of mental models and spatial-functional models. The authors assimilate virtual reality to a mental construction of the observer facing the sensory stimuli provided to him or her by technological artifacts. In virtual reality, one or more human users can perceive and act in an immersive, pseudonatural way and do so in real time in a digital environment

called a virtual environment. This virtual environment can be a copy of reality but also a simulation of some of its aspects, a symbolic representation. This functional definition of virtual reality presented by Fuchs (2014) agrees with the definitions of virtual reality of the user approach mentioned above and underlines the important role played by the perception, the senses of the user, his or her interactions in the establishment and the outcome of this experience.

Perception, Interaction, Immersion

In the psychological approach, perception is the first response emitted by the user to stimuli from the immersive and nonimmersive interfaces of the virtual environment. Indeed, perception, by leading the first draft in terms of user interaction with the virtual world, also allows the advent of technical immersion, continuous interaction and presence characterizing the experience of the user (Furth, 2011).

In the user approach, immersion in the virtual world is the product of perception. It testifies to the intensity with which an individual engages in the perception of the immersive stimuli of virtual reality. Hence, there is a central role of perception and the user in the immersion experience. In the field of virtual reality, there are at least two different main approaches, namely, a cognitive approach to perception, which sees the individual consumer as a fairly passive receiver, and a so-called active approach to perception.

In the first conception, which is favored by the theory of embodied cognition (Anderson, 2003), the senses lead information to the brain for interpretation (cognitive process), which subsequently makes it possible to understand the information captured from the environment. Perception takes place when sensory receptors at the level of the senses and in contact with stimuli in the virtual environment activate the transmission of sensory information to the central system for a response. Perception is therefore the transformation of received sensory information into awakened knowledge or an understanding of received sensation (Dove, 2011). Table 1 below shows examples of sense, receptor, stimuli and perception.

Perception in its classic sensory definition makes it possible to convey a mode of representation of the environment and of knowledge of it with sensory receptors (Errajaa et al., 2018). From this perspective, technical immersion based on a perception of virtual worlds is understood as the knowledge generated by the illusion of the senses. This type of perception seems appropriate when the world is familiar and/or already seen by the user. The second conception of sensory perception, which is more active, considers the latter as built on the basis of the extraction of regularities between the actions performed and the resulting sensory stimulation (Regenbrecht et al., 2012). The perception of virtual worlds is thus understood as the knowledge generated from an active appropriation of a new technical device by the user. This

Table 1. Examples of senses, receptors, stimuli and perception

Sens	Receptor	Stimuli	Perception
Vision	Eye cells (cones and rods of the retina)	Light waves	Shape Color Contrast
Hearing	Hair cells of the inner ear	Air pressure variation	Sound (pitch and intensity)
Touch	Mechanoreceptors and thermoreceptors of the skin and mucous membranes	Contact pressure Gain or loss of thermal energy	Texture Consistency Hot or Cold
Taste	Taste buds	Solubilized sapid molecules	Taste - flavor
Smell (olfaction)	Olfactory receptors of the nasal mucosa	Volatile molecules	Odor - aroma

Source: Authors

conception is relevant and profitable for any type of virtual world since naturally the virtual world mobilizes one or more tools or offers itself as a new tool to the individual perceiving with new possibilities of action. This is interesting because it applies to the virtual world, whether it is recognized as familiar and realistic by the user or not. Marking the exchange between the user and the virtual world, sensory perception according to the active construction reinforces action and interaction in the virtual world and guides user behavior. Defined as a language allowing communication between man and machine, interaction (language) corresponds for its part to the set of reciprocal action reactions between man and computer via sensory interfaces, motor interfaces and interaction techniques (Harth et al., 2018). Concretely, the user's perceptual processes are activated by the stimuli of virtual reality. They will induce interaction. The interaction takes place via interfaces ensuring communication between the user and the system supporting the virtual world (control from man to system and response from system to man).

In his or her interactions with the elements of the virtual world, the user calls upon behavior patterns (behavior models) in his or her life that he or she will choose to repeat or adapt according to the situations presented by the world of virtual reality. These behavioral models are sensorimotor and cognitive (Adamovich et al., 2009) and are thus guided by the knowledge previously constructed by the user in his or her relationship with the world and the environments he or she has frequented. Wright (2014) speaks in this case of pseudonatural interaction (which takes place unconsciously) on the side of the user and of interfaces that exploit the motor skills or perceptions of man arising from his or her behavior in the real world. According to these authors, interactions in the virtual world must therefore be presented as

those carried out in the real world (behavioral patterns) or guided by metaphors generating symbolic interactions (replacing information usually transmitted through a sensory channel) by another and emanating from another channel).

The goal is to make possible the transposition between the real world and the virtual world as well as the behaviors related to them for a simpler experience of virtual reality for the user. This principle of immersion and pseudonatural interaction is based on conceptions of the virtual world close to the real world and was further developed by Auvray and Fuchs (2007). In their proposal, the authors highlight a set of conditions for interfacing the virtual world that allow the user to use an active process of perception to easily interact with virtual worlds that are unfamiliar to him or her and rather new.

When the user no longer has to think about how the interface works, the interface via the tool is said to become transparent, and his or her sensorimotor interactions are automated. The consumer can then feel present in the perceptual space opened up by the tool. The authors thus speak of cognitive immersion. Cognitive immersion or the state of presence in the virtual place will then allow the user to perform actions having meaning in this new perceptual space through what the model of Auvray and Fuchs (2007) calls functional immersion. The latter groups together all the actions taken by the user in the virtual world, allowing him to carry out the actions planned in the virtual world.

In their 3I model, Auvray and Fuchs (2007) argued that the appropriation process at three sensorimotor, cognitive and functional levels is very well suited to virtual reality devices when they provide the user with a tool and/or multiple tools capable of changing the situation in one's own body and in the perceptual space and allow new modes of perception, sensations and action. The first levels of interaction and immersion, designated by the first level "sensorimotors" in the virtual world in the model of Auvray and Fuchs (2007), are reached during the appropriation of the technological tool, the opening of the new space by the tool and the perception of his or her own new body increased by the tool and the new open perceptual space. Thus, the virtual reality store is open to the user with the potential for actions and sensations offered by the tool. Sensorimotor and technical immersion marks the first step where the tool is no longer perceived, in favor of the perceptual space open to the user and his or her potential actions. The user can thus move to the cognitive/psychological phase thanks to mental models using metaphors and/or schemes of the virtual world (Moraes and Machado, 2007). He or she builds his or her spatial-functional models, which are models of action in the virtual world. Then, comes functional immersion, synonymous with action adapted to the virtual world, according to the user's needs and desires.

Technical and User Approach to Virtual Reality

Presence has indeed emerged as a key concept in our work. Presence in the technical approach is the product of remote guided operations. It is the feeling that an operator may experience during an operation where his or her body is projected onto the workplace of the machine and who watches it through the operator's cameras (hence a feeling of telepresence in the other place). Given the specificity of this definition in the context of remote operations, another definition has been proposed, i.e., virtual presence, which designates the feeling of presence aroused by virtual environments (Sheridan, 1992). The user is elsewhere than where he or she is physically; the "elsewhere" is formed by the physical images, sounds and sensations supplied to the user's senses by the system generating the virtual environment. This definition is based on the concept of virtualization presented as the process by which a person interprets sensory impressions to represent objects in an environment other than that in which the person physically exists. In this sense, emphasizing once again the result observed in the user of optimal technical and physical immersion and where mediation via virtual reality devices becomes transparent in the sense of Auvray and Fuchs (2007), presence is defined as the perceptual illusion of nonmediation (Lombard and Ditton, 1997). However, it is important to remember that the sensory interaction itself engages cognitive processing in the user, thereby making it possible to produce a cognitive representation specific to the user (mental model) that may or may not generate the feeling of presence in him or her.

Integrating the cognitive aspects of presence, a so-called intermediate definition has been proposed by Manganari et al., (2011), where presence is assimilated to a psychological state in which the virtuality of the experience is not perceived. It is clear that this definition adds the psychological aspect to that presented by Lombard and Ditton (1997). This accounts for the human experience in the user approach to presence. It also meets the definition of Heeter (2003), who insists on the subjectivity of presence. For him, presence is a subjective experience. Even perfect sensory immersion could not by itself automatically arouse a strong sense of presence. Even reality cannot automatically arouse a strong sense of presence. This confirms the important role of the user in the feeling of presence, independent of the role played by the immersive tool and/or technology. This idea is in line with the thinking of Burkhardt et al. (2016), according to which immersion is synonymous with the action of exposing the user to a digitally simulated environment. Presence, on the other hand, corresponds to the supposed effect of this exposure on the user and extends beyond the sensory aspects and more involving his or her feeling of being in the virtual place.

The two approaches of virtual reality, namely, technological and that of the user, underline the important role played by technical immersion, also known as physical or sensorimotor (Auvray and Fuchs, 2007), in access and advent of the user experience in the worlds of virtual reality. For its part, technical immersion activated by immersive technologies of the virtual world makes it possible to account for the notion of the user's state of presence in the virtual world or what Auvray and Fuchs (2007) call in their model cognitive and functional immersion favoring sensation and action in the virtual world. Presence is similarly referred to as psychological or mental immersion as opposed to technical immersion. It is therefore important to approach this concept of presence in virtual worlds and to understand the diversity characterizing its designation as well as its implications for the virtual reality experience. Sometimes confused in the technical approach, however, presence is clearly distinguished from immersion when the latter is seen as rather objective and linked to the interface, described in terms of the particular software and hardware devices used (Burkhardt et al. 2016). In other words, immersion depends on the objective and measurable description of the technological means implemented to restore the virtual environment to the senses (Rose et al., 2018). This joins the role played by the technological tool of the model of Auvray and Fuchs (2007) as allowing the first stage of the experience of virtual reality, which is the appropriation of the new space, of the tool and of its new body endowed with new possibilities in the virtual world. Slater et al. (1996) therefore propose a distinction between physical immersion, which occurs through technological means, and mental immersion or presence, which occurs psychologically. Rather, presence is the psychological feeling of being there.

Digital Environments and Virtual Reality in Marketing

The work of Hoffman and Novak (1996) extends from the work of Hirshman and Holbrook (1982) on the experiential; they make it possible to approach the consumer experience in the merchant and promotional web. Indeed, the visit of a website can be understood as a consumption activity and as the spur of an interaction with the object of consumption. This theoretical framework of the online experiential not only considers hedonics as having to improve and complement the utility of the visit but also allows us to examine the respective contributions of the company and the consumer in the production of the web experience (Poncin and Garnier, 2019). These two authors examine the contributions of the business and the consumer in the particular framework of the improved web, that of virtual reality with 3D. Their work is one of the first to focus on virtual reality in the context of the web merchant after work on the impact of the use of virtual reality in the promotion of products on the web (Ben Mimoun, 2017).

Basically, four main categories of experiences lived in worlds enriched by virtual reality (Barnes and Mattsson, 2008) have been identified. The first is about the entertaining experience thanks to the multimedia contents that the internet user can consume; the second is about the educational experience thanks to learning and educational contents. The third is about the escape experiences through games and finally, the fourth is about an aesthetic experience through visits to virtual museums and simulated historical monuments such as the “second Louvre” or the “Open Art Museum”. Since the founding work of Hoffman and Novak (1996), some specific work has focused on understanding the user experience with virtual reality. A review of the literature carried out by Gherbi (2013) on work related to virtual reality and experience has shown that most studies conducted in marketing have not focused on the experience in the virtual place but rather on social identity and on certain effects of the virtual on sales. In addition, several authors (Poncin and Garnier 2019; Holleebek et al., 2020) have stressed that the experience of an individual in virtual worlds and the experience of the consumer have not been addressed.

Studies on the use of virtual reality on retail websites are part of attempts to improve the online consumer experience. The players on the commercial and promotional web are committed to a process of innovation and improvement of their systems precisely to improve the online shopping experience. Via virtual experience, these players offer consumer immersion, interactivity and the possibility of real relationships (Pan and Steed, 2019). Designers and managers of websites are therefore increasingly using virtual reality devices, allowing users to visualize, manipulate and interact with three-dimensional environments. In this logic, the use of virtual reality on the web, which offers full 3D shopping and makes 2D shopping evolve, changes the situation from a utilitarian purpose to an end of consumer stimulation and amusement. Virtual reality increases the entertainment value of the shopping experience (Pizzi et al., 2020). On the internet, several elements make up the tangible forms of virtual reality. We find, for example, visual tools of the virtual world, such as the graphics system that generates three-dimensional images, augmentation devices (augmented reality), the tracking and guidance system that indicates the position and orientation of the user to these devices, sounds, the information database and information agents (avatars) (Harth et al., 2018). By wanting to reduce the electronic distance between the product and the consumer and compensate for the shortcomings of the traditional web in terms of the hedonic experience offered, virtual reality mobilized in marketing appeals to the senses (Bischoff et al., 2019), equips one with realism and tries to create the illusion of reality by producing irresistible experiences.

A 3D store, a flagship example of the 3D web enriched by virtual reality technologies, aims to be close to the real store at the same time that it is part of the web. These changes at the level of the web merchant due to the adoption of elements of virtual reality impact consumer reactions because they modify the social and

commercial data related to the retail space and the purchase (Steuer, 1992). They modify the way of understanding the world and the consumption space (Pan and Steed, 2019). In electronic commerce, these information technologies have become the backbone of commerce. 3D virtual worlds in particular have the potential to revolutionize businesses and engage businesses in terms of cocreating and improving brand perceptions and values (Pizzi et al., 2020) Indeed, the web enriched with virtual reality introduces, through its immersive technology, the immersion of the senses and of sensory and cognitive interactivity This interactivity makes it possible to observe in the consumer a set of diverse reactions of a cognitive, emotional and conative nature (Harthe et al., 2018). Subsequently, the use of these technologies in e-commerce produce changes both in the practices of brands and designers of merchant sites and in the responses and contributions of consumers in the shopping experience (Bischoff et al., 2019).

Consequently, virtual reality that converts the classic web into a web enriched with hedonistic, playful, realistic and imaginary aspects with 3D, avatars, a “380 degrees” viewpoint, videos, sounds, immersive devices, VR headsets, cardboard, etc., offers a rich environment for consumers and incites their motivations to navigate inside the virtual world. At the same time, it encourages companies to establish new ways of interacting with consumers. As a result, it offers us a new framework for studying behavior (Marucci et al., 2021) and understanding the shopping experience in the era of these virtual worlds.

MAIN FOCUS OF THE CHAPTER

The importance given to the atmosphere of points of sale and its impact on the consumer’s experience is well established. Considered both as a vehicle for communication and marketing and as a generator of transactions (Wolfenbarger and Gilly, 2001), websites have made it possible to extend the understanding of the consumption experience to electronic exchanges and consequently are ‘subject to various reviews of their components and their environmental characteristics’ (Poncin and Garnier, 2019). By analogy with studies on the management of store atmospheres and their impact on the consumer experience, work has been able to highlight the main atmospheres of the web merchant (Dailey, 2004), also known as webmospherics (Lorenzo-Romero, 2016; Childers et al., 2001). These studies have tried to identify the factors that characterize the environment of the merchant website that can impact the behavior, as well as the experience of the consumer. In connection with the use of digital technologies brought from the web in the store, authors (Ben Mimoun et al., 2017) have studied the impact of e-atmospheres on consumer behavior in the physical store. This latest study confirms the thinking of

Krafft et al. (2015), according to which the development of virtual reality technologies and the evolution of multichannel marketing strategies have succeeded in reducing the limits between the atmospheres of the store and the web merchant.

By analogy with the atmospheres of physical stores, “webmospherics” include the structural attributes of the website (frames, hypertext links, pop-ups, etc.), the “media dimensions” (graphics, texts, audio, video, etc.) and the layout of the site (organization and grouping of products) (Childers et al., 2001). As in a traditional store, the concept of webmospherics also refers to the intentional design of web environments to create positive effects (cognitions or positive affects) in their users to increase favorable responses from consumers (revisit site, exploration, etc.) (Lorenzo-Romero et al., 2016). The atmosphere of a website today refers to three of the five senses: sight (colors, product presentation, site architecture, etc.), sound (background music) and sometimes smell (odorama). Virtual reality applications try to find substitutes for missing senses such as touch (Racat et al., 2021). Some studies (Fan et al., 2013; Cassidy et al., 2014; Pharr, 2017) have revealed that virtual formatting and design (site presentation, free form layout, and circuit layout of the website), virtual atmosphere (background color, colors, percentage of white space, background music, fonts, and scent appeal), virtual theatricality (animation techniques, images, liveliness and interactivity), and virtual social presence (web counter, comments from other visitors, and website overcrowding) are the main stimuli that an online retailer should introduce to improve the online store environment.

Similar to a real store, a virtual store or a merchant website has a design dimension that refers to the elements that structure and organize the website and make it possible to assess the navigability of the site, the accessibility of the offer on the site and its readability (Garnier and Poncin, 2019). The internet users above all confirm the importance of finding the site navigable and the offer accessible. The design of the merchant website can be useful with search tools in the form of a grid or fun and easy to use with a free-form layout for internet users (Vrechopoulos et al., 2004). In this logic, a design allowing the freedom of arrangement of the sections and spaces of the site (site in tree versus site in tunnel) is able to stimulate positive responses among internet users (Pizzi et al., 2020). Thanks to their architecture being very similar to that of traditional stores, virtual stores enriched with virtual reality devices become true virtual stores where the navigability and accessibility of products and information are sought after by internet users. The airworthiness and accessibility requirements are met through the design of the store and through the control commands (Ettis, 2017).

Characteristics and Dimensions of the Online Marketing Experience

This logic of malleability of the form and content offered by the website for better navigability is supported by the interactivity of the site (Steuer, 1992), which is defined as a property of the virtual environment and as “the extent to which virtual reality users participate in changing the form and content of a real-time mediated environment”. More specifically, Steuer (1992) defines interactivity as a function of three factors: (1) the speed with which content can be manipulated; (2) the range of means the contents of which can be manipulated; and (3) the mapping or similarity between the controls and manipulations in the virtual environment and the controls and manipulations in a real environment.

Research has shown that good levels of interactivity generate a pleasant shopping experience and have a positive impact on site navigability and user navigation (Childers et al., 2001). Likewise, current media, thanks to new technologies such as virtual reality devices, ensure better levels of interactivity. These approaches offer the manager of the merchant website the possibility of adapting the design and content of the site to the needs and profiles of consumers, thereby managing to better support them throughout their visit (Steuer, 1992).

The design dimension of the site is thus closely related to the navigability of the site, which is itself based on the technical interactivity of the site. Good navigability allows easy navigation and results from a good level of interactivity thanks to an intuitive and fluid architecture (Steuer, 1992).

The atmospheric dimension includes all the stimuli that can be used on sites, such as decorations, colors, music, fonts, images, animations, synthetic images, 3D, photos, etc. By adjusting these elements, some authors speak of the theatricalization of the web or of virtual theaters created by e-tailers. The richness of these elements provides data on the perceived complexity of the website (Fan et al., 2013; Cassidy et al., 2014; Pharr, 2017). These virtual stores are attractive and effective when viewed as simple. Likewise, when the web interface is dynamic as opposed to a static web interface, it elicits more user attention (Evans et al., 2014). The ambient aspects of the website are based on the concept of the liveliness of the site, defined as the richness of representation of a mediated environment (Steuer, 1992). A merchant web showing more liveliness generates positive attitudes toward the site among consumers than a less lively web. The liveliness of the web offers more information about the product, which compensates for the lack of direct contact with it. The 3D web in particular represents a very vivid interface compared to the 2D web (Jankowski, 2011). Likewise, the use of high levels of liveliness at the level of websites thanks to sensory stimuli such as colors, animations and graphics, etc.,

generates more positive effects on the consumer than similar levels of interactivity (Dholakia et al., 2005), hence the importance of this mood factor in the virtual store.

Vivacity is made up of two subdimensions: sensory breadth and sensory depth. According to Ettis (2017), sensory breadth makes the website livelier when it calls for a maximum of meaning from the internet user. It is thus based on the sensory richness of the medium. The sensory richness of the web is developing increasingly, and it is especially marked by the strong presence of visual factors through images, colors and graphics and auditory factors through audio, video and animation. These factors are called “rich media tools” and make it possible to enrich the range of sensory stimuli on the web. Sensory depth is defined through the quality of information dissemination to the senses (the quality of the display, image quality, graphics, visibility, attractive design, hearing quality, sound quality, sound volume, color accuracy, etc.) (Ettis, 2017).

In the real store, the decorations make it possible to highlight the offer in front of which the consumer is led to act. The liveliness of the commercial website allows the internet user to appropriate the virtual place, and the colors strongly contribute to this appropriation (Pelet and Papadopoulou, 2013). On the 3D website, the colorful 3D decorations and background music constitute the sensory elements. These virtual reality places are increasingly elaborate thanks to the evolution of synthetic images, techniques for simulating real worlds and creating imaginary worlds. They catch the consumer’s attention and help them become familiar with and appropriate the new perceptual space of the virtual store (Pizzi et al., 2020; Manganari et al., 2011). In the world of virtual reality, such places appropriate the patterns and use the metaphors mobilized by virtual reality. Virtual stores are compared to a virtual theater (Burke, 2002). Appropriation is done in the context of the real store, and it is adopted by the consumer to shape the experience and the space in the sense of a desired and/or desired experience on his or her part. Through appropriation, the consumer acts on the space and builds his or her own experience of the place. In the social psychology of space, the concept of appropriation refers to the degree of freedom of the individual in his or her environment. The individual, as the master of his or her actions, has a hold, either mental and/or physical, on the premises thanks to two factors, namely, the exercise of control on the space, which results in various transformations or arrangements, and the leeway offered by the setting and organization of a space (Poncin and Garnier, 2012; Huysman et al., 2003).

The review of the literature on atmospheric, webmospheric and human-machine interaction theories has shown the importance of the social factor in the shopping experience in the store and the importance avatars and virtual agents in the online shopping experience and the web merchant in 3D (Visinescu et al., 2015; Kim and Kim, 2007). On the 3D web, studies have underlined the importance of social realism

in 3D e-commerce to overcome the lack of humanity and the feeling of isolation classically criticized in 2D e-commerce.

In the literature, the integration of virtual agents such as avatars improves site satisfaction. According to Papadopoulou et al. (2001), interaction with virtual agents strengthens the user's interaction with other website stimuli. In virtual worlds such as Second Life, avatars and virtual agents are the heroes of the various stories that are lived in these spaces. In information systems, it has been recognized that human-machine interfaces consolidate interactions between the internet user and the site in the presence of social agents (Diesbach et al., 2007). Virtual agents make sites more engaging, attractive and fun than sites without virtual agents. On the web, the social dimension has been widely highlighted in the study of virtual consumer communities and brand communities. It has been shown that the social dimension is important on three levels, namely, support and interaction with friends, family and peers when shopping online; meeting other internet users on the site, and the services provided by the support staff on the site, i.e., virtual agents (Hollebeek et al., 2020; Bischoff et al., 2019).

The various factors discussed above transform the virtual space into a space that accommodates an online shopping experience. However, while virtual reality provides an augmented shopping experience, it is still very unclear whether it has the potential to become an integral part of online shopping environments. Although the technology necessary for virtual reality is increasingly becoming available, it is considered a novelty item rather than a viable shopping option. It appears that immersion technologies have the ability to translate the increasing number of stimuli. The question is whether these immersive environments are truly necessary to generate online sales or whether they represent a tool of marketing gamification. In the following paragraphs, we will focus on examining the relationship between the level of virtual immersion and the shopping attitudes of a group of university students.

METHODOLOGY AND RESULTS

For the purposes of this study, 165 university students were asked to participate in our experiment, which consisted of a 15-minute session in a virtual shop. The participants were asked to browse through the displayed goods and pick 2 specific items: a shirt and pair of pants. They could pick from a variety of 30 items (15 shirts and 15 pants). After the session, the participants were handed a questionnaire and asked to rate their experience in the virtual shop and estimate the probability that they would in the future prefer virtual reality over classical e-shops. Based on the literature review described above and based on the article from Alzayat and Lee

(2021), we selected 35 hedonic and utilitarian variables. To examine the internal consistency of the variables, we computed Cronbach’s α . For the 35 variables affecting the intention to use VR for shopping in the future, the values showed good consistency (0.875). To reduce dimensionality, an exploratory factor analysis was also run to analyze each group of variables and explain the correlation between them. Since the KMO test showed a good level of significance (.863) and Bartlett’s test of sphericity clearly indicated that the original variables were significantly correlated with a p value < 0.001, we proceeded with factor analysis. The results of the KMO and Bartlett’s tests are displayed in Table 2.

Table 2. KMO and Bartlett’s Values

KMO and Bartlett’s test for buying habits		
Kaiser-Meyer-Olkin Sampling adequacy measure		,863
Sphericity test of Bartlett	Chi-square approximation	3875,131
	df	119
	Sig.	,000

Source: Authors

The factor analysis was run separately for hedonic variables and utilitarian variables. Based on the results of the factor analysis, we selected 16 components out of the 35 variables. The importance of individual factors according to their respective extraction values is displayed in Table 3.

Our results slightly differ from the results presented by Alzayat and Lee (2021). In comparison to the original study, our number of factors is reduced from 24 to 16. However, the overall loadings seem to correspond. It thus appears that both hedonic and utilitarian factors influence the future usage of virtual reality for shopping purposes. In general, our participants stated that their visit to the virtual store was a pleasant and enjoyable experience. On the other hand, the utilitarian dimension appears to be a stronger motivator since, although they enjoyed it, the participants kept mentioning that they would not use VR very frequently to do regular shopping.

SOLUTIONS AND RECOMMENDATIONS

In marketing and with the advent of the online experiential, the web merchant has been seen as being able to offer specific moments of the consumer experience, particularly through immersion. Indeed, immersion is one of the main characteristics

of the online experience. Experiential marketing research has attempted to examine immersion as a specificity of experiential environments (Disztinger et al., 2017; Vrechopoulos et al., 2004). The review of the marketing literature on the concept of immersion shows a conceptual vagueness similar to that of immersion, which has already been addressed and dealt with in the theories of human-machine interaction (Maravilla et al., 2019; Bouvier et al. 2014; Parés and Parés, 2006).

Table 3. Results of the Factor Analysis

Factor Loading	Eigenvalue	Variance (%)	Reliability (α)	Mean
Hedonic Shopping Value		6.13	69%	0.94
Dull/exciting	0.79			
Not sensuous/sensuous	0.77			
Not fun/fun	0.81			
Unpleasant/pleasant	0.71			
Not thrilling/thrilling	0.71			
Not happy/happy	0.73			
Not playful/playful	0.80			
Unenjoyable/enjoyable	0.79			
Not amusing/amusing	0.75			
Utilitarian Shopping Value		8.12	68%	0.95
Useless/Useful	0.82			
Impractical/practical	0.84			
Unnecessary/necessary	0.79			
Not functional/functional	0.70			
Unhelpful/helpful	0.72			
Inefficient/efficient	0.73			
Not problem solving/problem solving	0.61			

Source: Authors

Compared to theories of human-machine interaction and information systems, marketing research on immersion has shown less interest in the distinctions between technical/sensory immersion and psychological immersion (presence). Immersion has been studied above all in relation to the experience of consumption and in relation to the experiential contexts of consumption (Meißner et al., 2020; Harth et al., 2018). Given that experiential marketing offers consumers the possibility of re-enchanting themselves and living extraordinary experiences of consumption,

immersion is tangible proof of this access to the experience and to the often “spectacular” consumption activity. It is in this logic that consumption has been defined as an immersion in experiential moments made up of enchanted, spectacular and multifaceted encounters. Rather seen as an indispensable characteristic of the consumption experience, immersion has been summed up as a dive into an experiential context. The greatest attention has been given to its conceptualization between a state and a process (Carù and Cova, 2007), without mentioning the distinction between immersion and presence. For Bowman and McMahan (2007), it is about the state of intense activity in which the consumer finds himself or herself when he or she fully accesses the experience. This activity can include one or more types of manifestations: perceptual (sensory), cognitive, emotional (affective), physical and social.

In their research, Errajaa et al. (2013) recognize the existence of two characteristics common to this state of immersion in all types of experiences (leisure, aesthetics, sports, etc.) namely, (1) the consumer’s sensory system is stimulated exclusively by the environment relating to the experience and (2) cognitive and affective focus on the theme of the experience is shown through one or more manifestations (thoughts and/or emotions are closely related to experience). In the presence of social or physical components in the experience, sensory involvement and cognitive and affective concentration will reach their highest intensity during moments of immersion. Consequently, in a state of immersion, the consumer has full access to the experience. Immersion is thus defined as a strong moment experienced by the consumer and resulting from a partial or complete process of appropriation on his or her part (Carù and Cova, 2003). This process is part of a progressive approach made up of three practices that constitute appropriation defined as a fundamental psychological process of action and intervention in a space to transform and personalize it.

The three practices of appropriation and immersion in a place in marketing (Carù and Cova, 2007) are nesting, marking and exploring space; these practices lead to the appropriation of places and access to the experience. In his or her immersion in the sense of Carù and Cova (2007), the individual first seeks to create a home in the new space, that is, his or her nest, thanks to the proposed arrangements and artifices of the place (nesting). Then, he or she has the opportunity to explore and then master the new places according to the principle of the psychological valuation of travel. Exploration via displacement will thus allow him or her to interact with the various information of the place and to interpret his or her data of the place (Marucci et al., 2021). These two practices will allow him or her to reach the third stage, which allows him or her to develop a sense of the experience or part of the experience that is proper to him or her. He or she thus accesses the experience of consumption.

In the case of the consumption and shopping experience, appropriation and familiarization are oriented by the places and the framework of the experience (Carù and Cova 2007). This idea joins the appropriation in the world of virtual reality based on an active conception of sensory perception, which is made of the technical tool and/or the technology made available to the user (namely, the mouse/the control and action tool on the virtual world, the screen of the virtual reality scene, the avatar, the virtual reality headset, the smart gloves, etc.) and which itself allows (the appropriation of the tool) the appropriation of the perceptual space of the virtual world and its components, thereby allowing access to the experience of this world. Defined as a process (Carù and Cova, 2007) or as a state (Pan and Steed, 2009), the marketing conceptualizations of immersion in the consumption experience partly agree with the conceptualization of theories of human-machine interaction and technical immersion information systems. Indeed, these two conceptualizations of immersion suppose a sensory and perceptual interaction between the consumer/user and the context of the unfolding of the experience to be lived (i) (Carù and Cova, 2007; Mann et al., 2015; Steinicke et al., 2011). Likewise, in both cases, immersion allows access to the experience via appropriation and familiarization with the places of the experience and/or the new framework of its unfolding, for example, the virtual world (ii). The two characteristics of the conceptualization of marketing immersion (i and ii) are close to the characteristics of technical immersion in information systems. However, the third characteristic of immersion relating to the intense state of emotional and cognitive activity and the strong psychological moment marking the lived experience (subjective state) (iii) corresponds to the description of the psychological immersion of the individual in the virtual place. Carù and Cova's (2007) conceptualization of immersion corresponds to the experience of consumption.

On the other hand, the research presented in this chapter confirms that while immersive virtual marketing helps to activate hedonic factors, utilitarian factors still play an important role. Thus, e-retailers should focus on using virtual reality in the right stage of the customer acquisition process. Virtual reality has the potential to enrich one's shopping experience and increase the gamification aspect of one's purchase. However, it appears that customers do not perceive virtual environments as practical enough for regular shopping. Therefore, the utilitarian dimension may thus surpass the feelings of virtual immersion and presence.

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KEY TERMS AND DEFINITIONS

Immersive Technology: The role of immersive technology is to create and shape the user's experience in the virtual world. The user should not be passive since he or she undertakes a number of actions and interactions contributing to the construction of experience.

Perception: Perception in its classic sensory definition makes it possible to convey a mode of representation of the environment and of knowledge of it with sensory receptors.

Virtual Immersion: Immersion is one of the main characteristics of the online experience. A good level of technical immersion, which is obtained thanks to immersive technologies, can manage to partially or totally cut off the user's perception of his or her real environment so that he or she only perceives the stimuli of the virtual world.

Virtual Presence: Presence is assimilated to a psychological state in which the virtuality of the experience is not perceived.

Virtual Reality: In virtual reality, one or more human users can perceive and act in an immersive, pseudonatural way and in real time in a digital environment, called a virtual environment. This virtual environment can be a copy of reality but also a simulation of some of its aspects, a symbolic representation.

Virtual Vivacity: Vivacity is made up of two subdimensions: sensory breadth and sensory depth. Sensory breadth makes the environment livelier when it calls for a maximum of meaning from the internet user. It is thus based on the sensory richness of the medium. It is especially marked by the strong presence of visual factors through images, colors and graphics and auditory factors through audio, video, and animation.

Webmospheric: The concept of webmospherics refers to the intentional design of web environments to create positive effects (cognitions or positive affects) in their users to increase favorable responses from consumers (revisit site, exploration, etc.).

Chapter 6

The Effects of Customer Relationship Management (CRM) and Customer Perceived Value Dimensions: A Proposed Conceptual Framework for Customer Loyalty

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ABSTRACT

The failure of customer relationship management (CRM) initiatives to improve the bottom-line has led to authors questioning the direct unconditional effects of CRM on customer loyalty, with calls for more studies to examine possible intervening variables explaining the mechanism of influence between CRM and customer loyalty. While researchers have advanced knowledge on the generative mechanisms by which CRM influences customer loyalty, the mediating role of customer perceived value (CPV) dimensions including functional, social, and emotional values have

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received very little attention in the literature. This chapter proposes a comprehensive model incorporating CRM, CPV dimensions (including functional, emotional, and social values), and customer loyalty. Underpinned by the resource based-view and equity theories, the proposed model explores the direct and indirect effects of CRM on customer loyalty through CPV dimensions within the banking context. The integrated framework is a result of a careful review of the literature pertaining to CRM, customer loyalty, and CPV.

1.0 INTRODUCTION

Having efficient financial systems is considered indispensable to the growth of global economies. Particularly for Sub-Saharan African emerging economies, the financial sector is characterized by the implementation of liberalization policies targeted at speeding up economic growth processes (Kinda & Loening, 2010; Tweneboah-Koduah & Farley, 2016). In Ghana for instance, deregulating the financial sector have led to the influx of major players in the financial sector unto the Ghanaian banking industry and thereby increasing rivalry amongst players in the banking sector (Narteh & Kuada, 2014). The resulting increase in competition, not to mention improvements in information technology and growing access to information, have exposed consumers to several alternative choices, thereby threatening customers' loyalty to their banks (Lewis & Soureli, 2006). The literature has however shown that losing loyal customers can be very costly for banks. Goodman et al. (2000) stressed that keeping loyal customers is about 20 times more economical than acquiring fresh customers. Similarly, Reichheld and Sasser (1990) emphasized that businesses could increase profitability by as much as 8% and 95% by reducing defection rates by 5% and increasing loyalty rates by 5% respectively. Besides these, improvements in customer loyalty has been linked to reduced customer price sensitivity and switching behaviours, improved profitability, positive word-of-mouth, increased referrals and superior competitive advantage (Blazevic et al., 2013; Brun et al., 2014; Evanschitzky et al., 2012; Oghojafor et al., 2012).

Surviving in the dynamic market place therefore means clearly establishing strategies that can survive the turbulent challenges in the competitive market environment (Zineldin 2005). Banks are therefore resorting to innovative strategies like customer relationship management (CRM) to deliver superior customer value to their customers, who according to the literature have become more value oriented in their search for products and services (Padmavathy et al., 2012). CRM involves building an organizational culture that is centered on individually understanding the needs of customers through the acquisition of valuable customer information (Bhat

& Darzi, 2016). It involves identifying customers, creating customer knowledge, building relationships with identified customers and positively influencing the perceptions customers have of a firm and its products (Richards & Jones, 2008). By implementing CRM, banks are in a position to strengthen long-term relationships with their customers (Kandampully, Zhang, & Bilgihan, 2015), create and deliver superior customer value (Lin et al., 2009), improve customer loyalty and commitment (Gazquez-Abad & Sanchez-Perez, 2009), increase profitability and firm performance (Evanschitzky et al., 2012), and increase switching cost for customers (So et al., 2013). Because of the cruciality of CRM in improving long term business survival in the face of the sophisticated forms modern competition has taken, multiple firms have embraced this strategy as one of the most important influencers of customer loyalty (Toufaily, Ricard, & Perrien, 2013). In fact, it was projected in the Gartner report of 2016 that CRM investments globally could exceed \$36.5 billion as of year-end 2017 (Gartner, 2016). A clear indication that, modern businesses view CRM as significant to improving customer loyalty, especially when customer loyalty is projected by the Forrester Wave Report to be a top priority for 82% of global marketing organisations (Collins, et al., 2016).

Furthermore, the COVID-19 onslaught, lockdown, and social alienation have hindered the employment of traditional marketing approaches for value creation. E-commerce is now regarded as a more viable option, in that, survival is largely dependent on the maintenance of healthy relationships with key customers. With COVID-19 forcing most businesses to move to online platforms, effective CRM strategies would help firms continuously stay in touch with their customers through the records of consumers obtained through the constant interactions compared to organisations with weak relationship building mechanisms. It must be emphasized that, such vital customer information obtained by firms have been described as powerful assets for competitive advantage, particularly in a Pandemic crisis as the current COVID-19 (Gouthier & Schmid, 2003). As a result, businesses must be more creative and innovative with their e-commerce technologies in order to retain customers and keep them loyal (Binsar Kristian, 2014). Creating e-commerce technologies based on CRM is one approach to retain customers (Maya & Yohanna, 2018; Shaltoni et al., 2018). CRM can help organisations with their workflows, and artificial intelligence that they need to prosper while adjusting to this new normal at unprecedented speeds.

While it can be hypothetically argued that effective CRM should automatically improve customer loyalty, empirical evidence has only remained inconclusive. The literature reports a high failure rate (more than 50%) of CRM initiatives (Richards & Jones, 2008) with empirical evidence also showing a steady decline in customer loyalty in the banking sector (Lymperopoulos & Chaniotakis, 2008; Saleh, Quazi, Keating, & Gaur, 2017). A situation that led scholars (Zablah, Bellenger, & Johnston,

2004, Reiman, Schilke, & Thomas, 2010) to question the unconditional direct effect of CRM on customer loyalty. Zablah et al. (2004) specifically argued that the inconclusive findings in the literature only suggests the likelihood of the existence of mediating variables in the CRM-loyalty link. Consequently, studies have advanced knowledge on the generative mechanisms via which CRM influences customer loyalty. However, the literature still remains underdeveloped (Bhat & Darzi, 2016).

To contribute to the ongoing discussions in the literature as far as improving customer loyalty in the banking sector is concerned, this study proposes a customer loyalty framework that examines the mediating role of three customer perceived value (CPV) dimensions (emotional, functional, social values) in the relationship between CRM and customer loyalty. These relationships to the researchers' best knowledge have not been examined in a single integrated model to explain the influence of CRM on customer loyalty, particularly in the banking sector. Even though the value concept has received wide attention in the service quality literature, same cannot be said of how the concept relates with CRM to improve customer loyalty in the banking sector. A gap this study intends to fill. Currently also, only scattered information exists in the literature on the relationship between CRM and CPV. Meanwhile customer perceived value is becoming a central issue in CRM literature (Rust, Moorman, & Bhalla, 2010). Scholars such as Boulding et al. (2005) and Day and Moorman (2010) have strongly argued for CRM initiatives to target improvements in CPV as the core of CRM as these high value perceptions is what would bring about increased customer loyalty. Similarly, Ulaga and Eggert (2006) have stressed the need for future studies to consider the role of customer value in examining firm-customer relationships. The inclusion therefore of CPV dimensions in the CRM-loyalty framework will not only address the literature gap on the direct effects of CRM on CPV dimensions but equally address the dearth of research on the generative mechanisms by which CRM influences customer loyalty. Furthermore, it will provide insights on the extent to which banks' CRM efforts is delivering value to its customers and which customer value type is perceived as more important from the customers' view point. Answers to these could become important inputs for future strategic planning purposes.

2.0 LITERATURE REVIEW

2.1 Customer Loyalty

Although lacking a universally accepted definition, customer loyalty remains a pivot for the success of modern businesses (Narteh et al., 2013; Prentice & Loureiro, 2017). It is often described as the most widely studied performance construct in

assessing the effectiveness of marketing innovations (Kumar & Shah, 2004). Having customers who are loyal, is considered one of the most important strategic assets banks possess (Kandampully et al., 2015) because of the increasing exposure of consumers to alternatives (Tweneboah-Koduah, & Farley, 2016) and the increasing competitive landscape (Kamran-Disfani et al., 2017). Currently, the literature shows that majority of firms who implemented CRM expect that the emotional bonds developed between firms and their customers would translate into improved customer loyalty. Earlier definitions of customer loyalty have described the concept as a biased purchase behaviour exhibited towards a set of brands overtime by customers (Jacoby & Kyner, 1973). It is the behaviour exhibited by consumers towards a service, product categories or a store (Uncles, Dowling, & Hammond, 2003) and which is often the result of a long-term firm-customer relationship (Sheth & Parvatiyar, 1995).

Three schools of thought, namely behavioural, attitudinal and composite loyalty, have emerged in the literature with regards to conceptualizing customer loyalty (Tweneboah-Koduah & Farley, 2016). The behavioural perspective measures customer loyalty through customer actions like amount and frequency of purchase and volumes of purchase (Bowen & Chen McCain, 2015; Rundle-Thiele, 2005). Behavioural loyalty even though has received wide support in the literature (Boateng, 2018), has been criticized for being narrowly focused tending to focus only on repeat and quantity of purchases without capturing the commitment levels of customers, making it difficult to identify truly loyal customers (Baloglu, 2002; Kumar & Shah, 2004). This is because customers may find themselves trapped by events such as low income, lack of alternatives and high switching costs which forces them to be physically loyal despite not being psychologically committed to the brand (Bowen & McCain, 2015). Attitudinal loyalty on the other hand considers the favourable attitudes consumers exhibit towards a brand (Dick & Basu, 1994). Attitudinally loyal customers exhibit high levels of trust and commitment towards the service provider, they are more willing to refer the brand to third parties and family members, and are more likely to engage in positive word-of-mouth recommendations (Oliver, 1999). They are consequently perceived to be psychologically and emotionally attached to a particular brand or service provider (Uncles, Dowling, & Hammond, 2003). The third, which is the multidimensional approach, has received wide empirical support (Bowen & McCain, 2015) and combines the strengths of both behavioural and attitudinal loyalty to define customer loyalty (Dick & Basu, 1994; Yoo & Bai, 2013). This perspective conceptualizes customer loyalty as an interaction of both attitudinal and behavioural loyalty (Bowen & McCain, 2015). By combining both behavioural and attitudinal measures, not only will marketers understand the behaviour and actions of customers, but will also understand the psychological motivations behind these behaviours (Yoo & Bai, 2013). Accordingly, customer loyalty is defined in this study as “a deeply held commitment to rebuy or repatronize a preferred product/service

consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing” (Oliver, 1999, p. 34).

2.2 Customer Relationship Management

Increasingly CRM is being recognized as an important innovative capability banks can rely on for sustainable competitive advantage (Lin et al., 2010). Despite its popularity and positive influence on customer loyalty (Verhoef, 2003), improved competitive position and long-term sustainability (Bhat & Darzi, 2016), customer satisfaction (Mithas, Krishnan, & Fornell, 2005), and positive word-of-mouth (Zineldin, 2006), the concept still lacks a universally accepted definition (Ngai, 2005). According to Landry, Arnold, and Arndt (2005), CRM involves the integration of a myriad of customer management actions throughout an organisation usually targeted at improving customer profitability and ultimate loyalty. Two popular views are identified in the literature. From a technological perspective, CRM is viewed as a set of information technology solutions used to improve firm-customer relations (Payne & Frow, 2005). The strategic perspective on the other hand, view CRM as an organization-wide strategy typically enabled by CRM technologies involving the dissemination of valuable customer information across all departments and customer touchpoints to facilitate coordination and improvements in customer service delivery (Erffmeyer & Johnson, 2001; Yim, Anderson, & Swaminathan, 2004). Payne and Frow (2005) have however argued that conceptualizing CRM only as a technological solution provides a rather narrow perspective of the concept. In a like manner, Bhat and Darzi’s (2016) study of the banking sector revealed that majority of bank relationship managers were of the view that their CRM strategies had failed to improve the bottom line because of the oversimplification of CRM as a technological solution. According to the authors, the customers rather than technology should be the central theme around which CRM strategies are designed and formulated (p. 390). CRM is therefore a “customer centric” strategy that uses the development of firm-customer relationships to improve the delivery of customer value. By this, CRM combines the efforts of relationship marketing strategies and information technology to “create profitable relationships with customers” (p. 168). According to Boulding et al. (2005) CRM involves the intelligent acquisition, use and diffusion of customer knowledge to various stakeholders within an organisation enabled by technology. It involves developing long-term relationships with customers and “the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer value” (p. 157).

Consequently, from a strategic perspective, Yim et al., (2004) identified four broad behavioural dimensions of CRM including customer knowledge management, key customer focus, CRM-based technology and organising around CRM that captures

all the key facets of CRM including people, process, strategy and technology (Payne & Frow, 2005). To this extent, key customer focus involves setting up customer-oriented organizational structures geared towards personally understanding individual needs of customers and developing tailored offerings to satisfy such needs while at the same time ensuring the interests of customers are put first in order to deliver superior customer value and consequently customer loyalty (Bhat & Darzi, 2016; Sin, Tse, & Yim, 2005). CRM-based technology on the other hand facilitates the accurate collection, storage, analysis and dissemination of appropriate customer intelligence to all functional areas of the firm to improve delivery of service to customers (Boyle, 2004). Organising around CRM internalizes the core values of CRM and customer orientation throughout the organisation (Akroush et al., 2011). It involves rallying the entire organisation towards maintaining stronger customer relationships and ensuring an organisation-wide commitment of resources towards providing the needed employee training and expertise to efficiently manage customer relationships (Sheth, Sisodia, & Sharma, 2000, Yim et al., 2004). By managing customer knowledge, businesses are expected to act on the knowledge gathered for the purposes of delivering superior value to the customer (Payne & Frow, 2006). Customer knowledge, which is a valuable resource to the business should be an avenue for learning and generation of customer intelligence which consequently should improve the competitiveness of the business (Payne & Frow, 2006; Zahay & Griffin, 2004).

2.3 Customer Perceived Value

In today's customer-centered and highly competitive business environment, delivering superior value which is above what the competition offers is a non-negotiable decision (Roig et al., 2006). This is because superior value has been found to be a source of increased competitive advantage and sustainable profitability for businesses (Eggert & Ulaga, 2002; Lin et al., 2009). According to Gronroos (1994) a fundamental belief on which CRM is built is the principle of value creation for both parties involved in the relationship. To this extent Boulding et al. (2005) opined that, the centrality of customer value in ensuring the success of marketing activities means, CRM activities should be geared towards delivering superior customer value as it is the only guarantee to achieving customer loyalty. As consumers devote their time, energy, money, and loyalty to their service providers, they expect equal returns in the form of preferential treatments and customized services as emphasised in the "pie splitting" principle by Nguyen (2011) and Boulding et al. (2005). By these customers expect that their relationships with service providers will not result in value creation only for the business but also for the customers (Nguyen & Mutum, 2012). At a general level, CPV is described as "the consumer's overall assessment

of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p. 14). The literature reveals two broad classifications of CPV; one of a unidimensional and another of a multidimensional nature (Sanchez-Fernandez et al., 2009). As a unidimensional construct, authors have conceptualized CPV as a trade-off between benefits and sacrifices made (Zeithaml, 1988). As a multidimensional construct, authors have conceptualized CPV as consisting of several interrelated value perceptions incorporating both utilitarian and emotional values (see, Holbrook, 1996; Izquierdo, Rodríguez, & Jose, 2006; Petrick, 2002; Roig et al., 2006; Sheth, Newman, & Gross, 1991). This approach according to Ivanauskiene et al. (2012) is widely employed for research in the banking sector. From a multidimensional perspective therefore, Sweeney and Soutar (2001) following earlier works by Sheth et al. (1991), developed the PERVAL scale by conceptualizing CPV as a multidimensional construct made up of three main components including functional value of the price and quality of product, emotional value and social value.

Functional value represents the rational and economic benefits consumers perceive of products (Sanchez et al., 2006). It includes the valuation of customers with regards to the quality of service received, the competence and professionalism of employees, price and reliability of products, and added services (Izquierdo et al., 2006; Ivanauskiene et al., 2012). Functional value measures the ability of the service or product to deliver its utilitarian promise (Bowden & D’Alessandro, 2011). In majority of studies, functional value has often times been considered as the principal driver of value perceptions (LeBlanc & Nguyen, 1999). Chuah, Marimuthu, and Ramayah (2016) did not only confirm the direct effects of functional value on customer loyalty, they also found empirical support for the mediating role of functional value in the link between perceived innovative initiatives and loyalty. The study equally found support for the positive influence of innovative marketing practices (which includes CRM) on functional value. Moreover, the positive influence of functional value on behavioural outcomes have also been confirmed in the literature (Zhang et al., 2017; Wen & Noor, 2015; Tang, Wang & Lu., 2014; Hsu & Chen, 2007). It is on the basis of the above that this paper hypothesizes that:

Proposition 1(a): CRM has a positive effect on functional value

Proposition 2(a): Functional value has a positive effect on customer loyalty

Proposition 3(a): Functional value mediates the link between CRM and customer loyalty

Emotional value or affective value measures the emotional benefits consumers get from the preferential treatments, personal emotional bonds developed from the constant interactions with banking staffs, and the personal identification given to customers as a result of CRM (Izquierdo et al., 2006). Despite this dimension of

customer value being less developed, its importance has become more relevant in today's customer-centric and turbulent marketplace. Differentiating oneself on the basis of the emotional bonds developed between firms and their customers rather than focusing on the physical attributes and performance of products alone is perceived to be more effective in winning customers' long term loyalty (Sandstrom et al., 2008). This is because the emotional bonds developed from the long term firm-customer relationships are not easily imitated by competitors (Chuah, Marimuthu, & Ramayah, 2014). According to Yau et al. (2000), relational marketing strategies are mainly targeted at improving emotional bonds, trust and empathy. Empirical evidence have shown a positive influence of emotional value on both satisfaction (Wang et al., 2004) and consumer purchase intention (Lee et al., 2008). Similarly, Liu (2016), Gabler and Reynolds (2013) and Haq and Ghouri, (2017) have further reported the significant mediating role of emotional value in the excitement-satisfaction link, scarcity and purchase intention link and mobile marketing features-consumer attitude link respectively across different contexts. Armed with the above discussion and empirical findings therefore, the current paper hypothesizes that:

Proposition 1(b): CRM has a positive effect emotional value

Proposition 2(b): Emotional Value has a positive effect on customer loyalty

Proposition 3(b): Emotional value mediates the link between CRM and customer loyalty

Social value according to Ivanauskiene et al. (2012) measures the personal beliefs, opinions of third parties and preferences as well as the extent of social integration associated with a purchase decision. It is the value the customer perceives largely because of their association with particular reference groups (Sheth et al., 1991). Leblanc and Nguyen (1999) report that such associations and reference points play crucial roles in how consumers evaluate their relationships with service providers. Authors have also stressed the significant influence of social value on behavioural outcomes arguing that, consumers may actually purchase products/services not necessarily for its functionality, but rather for symbolic motives (Latter, Phau, & Marchegiani, 2010). Empirical findings however remain mixed with regards to the influence of social value on consumer outcomes. Not only did social value fail to influence loyalty of golf players, but also failed to mediate the relationship between satisfaction and loyalty amongst golf players in Turkey (Akinci, Kiymalioglu, & Inana, 2015). Making reference to Sweeney and Soutar's (2001, p.213) definition of social value as "the utility derived from the product's ability to enhance social self-concept", this paper argues, that when bank customers perceive the CRM practices of their banks as enhancing their personal status, their assessment of social value

will increase and consequently make them loyal customers. It is argued in this paper therefore that:

Proposition 1(c): CRM has a positive effect on social value

Proposition 2(c): Social value has a positive effect on customer loyalty

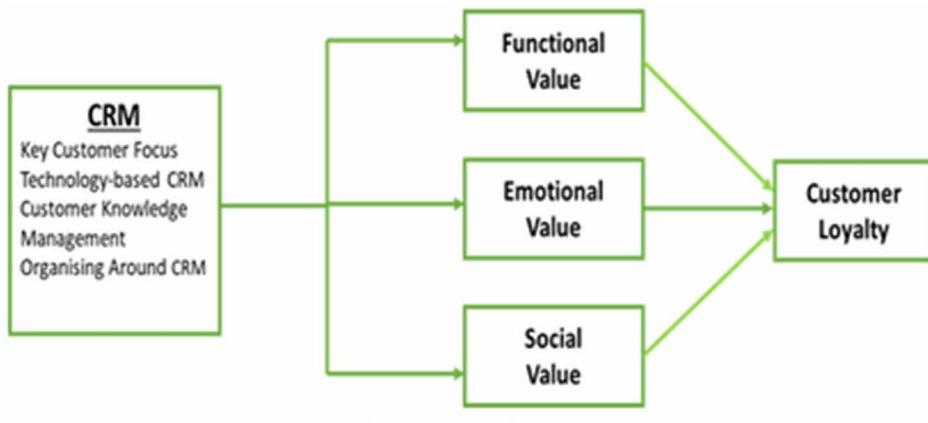
Proposition 3(c): Social value mediates the link between CRM and customer loyalty

3.0 CONCEPTUAL FRAMEWORK

The foregoing discussions led to the development of a conceptual framework as shown in figure one (1). The framework depicts the direct and indirect relationships amongst CRM, emotional value, functional value, social value and customer loyalty. The study draws from two main theories including Resource Based View (RBV) (Wernerfelt, 1984) and Equity theories (Adams, 1965) to explain the generative mechanisms by which customer loyalty is influenced by CRM. The development of the conceptual framework is pivoted on the widely held view that CRM represents valuable resource for organisations which could be deployed to improve competitive position of firms (Coltman, 2007; Reimann, Schilke, & Thomas, 2010). As a popular theory used to explain the influence of CRM on various behavioural and performance outcomes (Keramati, Mehrabi, & Mojir, 2010), the RBV considers customer knowledge and relationship networks as valuable assets which could be translated into improved firm performance (Srivastava, Shervani, & Fahey, 1999). As shown in figure 1, the study also argues that the valuable knowledge acquired by banks through the deployment of their CRM activities are important assets and resources that banks can use in creating valuable exchanges between the bank and its customers (Hooley et al., 2001). Indeed, Gouthier and Schmid (2003) and Srivastava, Fahey, and Christensen (2001) have all referred to customer-firm relationships as rare resources possessed by firms which could be deployed for competitive advantage. On the other hand, the study relied on the interaction between RBV and equity theories to explain the mediating role of CPV dimensions in the CRM-customer loyalty link, by arguing that the possession of resources (in this case customer relationships) alone may not be adequate for improving customer perceptions of functional, emotional and social values as well as customer loyalty. This is because modern customers have become more aware of their rights, less forgiving and highly value oriented in their approach to firm-customer relationships and therefore the ability of banks to improve customer loyalty will largely depend on how these CRM resources are deployed in an equitable manner (Adams, 1965; Shang & Lin, 2010). Thus consumers will only become loyal when they perceive banks' CRM activities as not only enhancing value for the firm but also enhancing value for the customer (Wagner, Eggert, &

Lindemann, 2010). The win-win situation perceived by customers will therefore lead to improved customer loyalty levels. Consequently, CRM in this study is considered as the exogenous construct, customer loyalty as the endogenous construct with functional, emotional, and social values being endogenous and exogenous constructs because they act as both outcomes of CRM and also predictors of customer loyalty as shown in the conceptual framework below.

Figure 1.



4.0 IMPLICATIONS OF STUDY AND CONCLUSION

The dearth of research examining the generational mechanisms by which CRM influences customer loyalty and relationship between CRM and CPV dimensions, stimulated the need to embark on this study with the aim of developing an integrated conceptual framework showing how CRM influences customer loyalty through the mediating role of various CPV dimensions. The study also aimed at exploring how individual dimensions of CPV are directly influenced by CRM. Important implications for the financial sector arise from this study. The study enriches the current literature on customer value (especially when the concept is still an emerging area of research) through the proposal of a conceptual framework describing how the value concept interrelates with CRM to predict customer loyalty within the banking setting.

Practically, the framework draws the attention of bank practitioners to consider designing their CRM strategies to primarily improve functional, emotional and social values in order to achieve sustained customer loyalty. This is important, as CRM has become one of the methods for businesses to continue supporting remote employees, keep in touch with customers and prospects who couldn't purchase in

stores, and handle a significant increase in customer interaction volume during this Covid 19 pandemic period. This is in line with the arguments raised by Boulding et al. (2005) on the need for CRM to deliver dual value (i.e., for both business and consumers) by ensuring that both parties in a firm-customer relationship are better off. Hence, given the vast number of customers' personal information available to firms through their CRM deployments and close relationships with their customers, firms could exploit such information to the advantage of the firm alone rather than the customer (P. 159) for and beyond the covid 19 pandemic period. Similar to the "schemer schema" concept of Wright (1986). For example, a more value driven CRM solution can enable businesses work without having to deal with customers face to face based on its functional value irrespectively of Covid 19. In the same vein, with or without the outbreak of Covid 19, it can assist businesses in expanding their reach and customizing their replies to each customer based on its emotional value and social value.

For banks to therefore disabuse the minds of consumers and win their continuous trust, their CRM activities must be seen by their customers as delivering superior value which is higher than the competition. The study also developed testable propositions based on the review of the literature which when tested empirically, could contribute relevant information towards marketing decision making, particularly within financial entities on the types of value most importantly perceived by their relational customers. Additionally, the study highlights the relationship sequence between CRM, customer value and customer loyalty and admonishes bank practitioners to always incorporate customer perceived value into customer loyalty models in order to provide a more comprehensive picture of the determinants of customer loyalty.

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KEY TERMS AND DEFINITIONS

COVID-19: COVID-19 is an illness caused by a novel coronavirus now called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

Customer Loyalty: A biased purchase behaviour exhibited towards a set of brands overtime by customers.

Customer Perceived Value: A judgment by the customer of the comparison between the benefits or utility obtained from a product or service and the perceived sacrifices or costs.

Customer Relationship Management: “Customer centric” strategy that uses the development of firm-customer relationships to improve the delivery of customer value.

Emotional Value: Measures the emotional benefits consumers get from the preferential treatments, personal emotional bonds developed from the constant interactions with banking staffs, and the personal identification given to customers.

Functional Value: The rational and economic benefits consumers perceive of products.

Social Value: The value the customer perceives largely because of their association with particular reference groups.

Chapter 7

Factors Leading to Increased Online Engagement

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ABSTRACT

The presence of the COVID-19 pandemic has deepened the need for businesses to reconsider their marketing strategies for survival. This has become necessary due to the shift in consumer habits and demands as a consequence of the crisis. The lockdown and social distancing among other factors have forced more businesses to result to the use of digital platforms in order to continue to meet the needs of their target audiences. Fortunately, consumers across the world have wholeheartedly embraced digital channels in fulfilling their needs and now seem to shop online much more than before. Nonetheless, in the digital platform era, the word engagement and participation are the fundamental non-transactional constructs employed to explain the nature of the participant's unique interactive experiences. In this chapter, the authors set out to look at some factors that could lead to increased online engagement. Among the factors hypothesized are the presence of the COVID-19 pandemic, online advertisement, and electronic word of mouth. The chapter recommends further testing of the proposed hypothesis.

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INTRODUCTION

Lately, marketing has seen monumental changes in the manner in which information is delivered to clients (Cvijikj & Michahelles, 2013; Mangold & Faulds 2009); credit to technology. By implication, technology has altered the way marketers now engage and communicate with their customers. Technological platforms such as Facebook, Twitter, Instagram, and LinkedIn among others have made it possible for people to connect and share content online irrespective of their location (Cvijikj & Michahelles, 2013; Boyd & Ellison, 2008). In complement according to Kumar (2018), rapid use of information technology has resulted in the emergence of several online platforms, which in turn have transformed how companies and businesses engage as well as create value for their clients. The marketing discipline has gradually evolved in its approach from customer management; moving from the transactional era to a relational era and currently adapting to the engagement era (Pansari & Kumar, 2017). Currently, marketing activities and articles reflect customer engagement perspective, as this has become a vital tool for companies to gain competitive edge (Gallup, 2019) by positively influencing important attitudes as well as behavioural outcomes such as customer satisfaction (Brodie, Ilic, Juric & Hollebeek, 2013), loyalty (Shanahan, Tran, & Taylor, 2019) as well as brand usage (Harrigan, Evers, Miles & Daly, 2018).

Firms are investing substantial amounts in online brand communities on social media platforms to strengthen their customer brand engagement and association. A large amount of consumer information produced in online brand communities (OBCs) not only helps companies to achieve a deeper understanding of buyer's needs, wants and desires but also leads to potential purchasers viewing user-generated content on OBCs for instance comments, as relatively authentic, improving client's discovery of new products or brands (Karpis, 2018). Thus, companies including information systems managers should manage their online content in a way that can improve the psychological processes of buyer engagement (Kamboj, Sarmah, Gupta & Dwivedi, 2018). This method, which spans businesses as well as information systems reveals buyer outcomes that improved brand performance (Harrigan, Miles, Fang, Roy, 2020). Companies can create and maintain their online platform for their clients to interact with the brand-related information they deliver as well as user-generated content from their followers (Hollebeek & Macy, 2019).

Firms can utilize the power of social media to engage buyers with their products, promote consumer brand relationships as well as increase sales of the product. Due to the widespread and availability of information technology, companies and businesses are increasingly seeking to established brand engagement on online platforms (Voorveld, 2019). Furthermore, digital platforms have attracted the interest of businesses and firms who see the potential to communicate their marketing

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messages to buyers as well as enter into a dialogue with them using word of mouth principles. Firms have shifted their customer approach from the traditional one to many engagements to a one to one approach including offering assistance at any time through the internet for instance YouTube, Facebook and others (Hanna et al. 2011). Thus, companies can design and moderate a brand page to monitor consumer's activities.

As a result of the new change in the field of marketing, a new phenomenon which is social media marketing was introduced. Social media marketing is a form of word of mouth marketing or viral marketing which is used to influence buyer's communication through professional marketing techniques (Kozinets et al. 2010). This new phenomenon is not used to replace the traditional marketing techniques but rather as an additional marketing channel that can be integrated with the traditional one as part of the marketing mix. The importance of this new electronic platform is that it can be used to communicate globally as well as enrich marketing towards buyers at an individual level.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Online Engagement

Social media networks are a technological platform for marketing, giving access to a broad number of users, grouped in non-geographical bound communities, based on a structured set of social relationships among admirers of a brand or product. Engagement refers to the buyer's intrinsic motivation to interact as well as cooperate with other members. Recently, buyers have moved away from passive that is leaning back as well as receiving brand information to act that is leaning forward and engaging with brands (Google, 2014). Buyers have now shifted to become engaged participants in the development as well as utilization of valuable products and or services. Some companies have taken note of this shift and are currently putting in more resources towards online engagement efforts. Several reasons are driving consumer's online engagement as well as resource dedication; buyers who engage themselves have shown to purchase more from a brand or company as compared to unengaged buyers, engaged buyers also advocate more for the brand, therefore leading to higher brand patronage (Google, 2014). According to Adjei et al. (2010) online engagement is identified as one of the successful tools that companies can use to increase sales. Furthermore, online engagement has the potential to enhance the relationship that exists between buyers and their brands or products as well as can influence buyer's perceptions and actions as well. Online engagement helps facilitate interactions through the exchange of ideas about the brand or company among buyers, which can

also lead to positive word of mouth communication. Online engagement can also lead to the enhancement of current theorisations between buyers and brand, product or firm's relationships. It adds value, support as well as increase the interactive and experiential nature of buyer's relationships (Vivek Beatty & Morgan, 2012) while expanding their limits beyond their primary purchasing situations. According to Vargo and Lusch (2004), online engagement helps buyers to exhibit dispositions that go beyond the traditional market ascribed purchaser's attitudes which are in accordance with the value co-creation logic. Online engagement has become one of the key objectives for many marketing professionals, businesses and firms to be able to communicate their brands, product and or services to their clients to attract, retain, and satisfy them which can lead to long term sustainability, profitability and competitiveness in a dynamic business environment.

The internet indeed has become the enabler for all online engagements, and there is therefore the need to look at some trends with respect to its usage and how it has promoted social networking sites and platforms as a playground for brands to engage customers (Kim, & Ko, 2012). Mass adoption of internet usage across the globe (about 50% of global population and still growing) is indicative of the huge unending potential of developing, promoting and selling brands to a wider global audience (Roy, Datta., & Basu, 2017). Indeed, the Mckinsey report (2014) reiterates the advantages presented by the rapid growth of internet users of 10.5% over a five-year period in 2013 to online business to widely engage clients that transcends borders, thereby making the transition from local to international seamless and cost effective (Mckinsey Report, 2014). For online businesses, the online platforms also present opportunities not only with regards to engaging a youthful demographics online, but also to older adults and seniors thus presenting enormous marketing advantages in terms of demographic segmented reach (Smith, 2014). With the internet successfully crossing all of its four phases to the current phase of Web 2.0 utility where online user's interactivity is promoted through interactive websites and social media networks (Nations, 2016), online engagements can be argued to be currently in the midst of a hyper social network activity zone that provides much freedom and power to users at the same time collaborative and creative power to online business owners (Ralphs, 2011).

Online engagements cannot be discussed without mentioning the role played by social media networks and platforms in shaping consumer behaviour. The pervasiveness of social media networks implies that consumer to consumer interactions would continue to increase and have large effect on consumption behaviour (Bugshan, 2015; Franklin, Pay, & Mainelli, 2014; King, Racherla., & Bush, 2014; Miller, Fabian, & Lin, 2009; Trudeau & Shobeiri, 2016). More than ever before, social media platforms have enabled consumers to quickly evaluate and review products and services in real time for effective consumption decision making (Trudeau &

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Shobeiri, 2016). Engaging consumers on interactive social media platforms requires online brands to proactively provide updated and relevant information and have live online real time feedback mechanisms such as chatrooms for discussing customer complaints and suggestions (Yoo, 2014). This provides convenience for customers. For example, typical online service oriented organisations such as hotels are quickly realising that majority of first time visitors check their online reviews on service quality before making booking decisions, indeed Xie, Zhang, and Zhang (2014) empirically found 77% of online hotel customers check hotel reviews before booking while 53% wait until they receive online review results before booking.

Antecedents of Online Engagements

In the context of information overload where consumers easily get exhausted and distracted by promotional messages, it's imperative for online brands to be guided by empirical methods that works in customer engagement strategies (Kandampully & Zhang, 2015). The underlying goal for every online engagements is to achieve a superior customer experience outcome that traverses the contemporary dynamics of competitive on line engagement strategies by competitors (Islam & Rahman, 2016b). Poor online experience can be costly, for example Econsultancy (2011), reports that US and UK online brands lost 24 per cent of annual online revenue representing a sum of \$50bn USD and £14bn yearly respectively (Econsultancy, 2011).

In discussing the antecedents of successful online engagements, attention is brought on an industry survey in 2014 which found consumers to use mobile devices on the go and at home, it shows 80 percent of tablet shoppers and 60 percent of smartphones shoppers shop while at home (Nielsen, 2014). This implies that portable devices have become an integral part of peoples shopping lifestyle and more than ever before the need to weave convenience and online superior engagements into online consumer commerce experience. The extant literature highlights both hedonic and functional utility to online user engagements and experiences (Kim, Kim, & Wachter, 2013). Kim et al (2013), highlights the importance of intuitive and user friendly online interfaces that cultivates user value, satisfaction and engagement. An optimum customer engagement strategy must remove barriers of user's engagement and maximize their online user experience (Novak et al 2000). The flow theory echoes this by emphasising that a clear balance must be achieved between the task to be performed and the skill of the performer, so that if a task is too cumbersome a flow cannot occur. In relation to online engagement, Novak., Hoffman and Yung, (2000) asserts that:

flow on the web is a cognitive state experienced during online navigation that is determined

by high levels of skill and control, high levels of challenge and arousal and focused attention,

and is enhanced by interactivity and telepresence (Novak et al, 2000, pp 24)

The following discussions therefore highlights some of the key antecedents of online engagement experience.

Ease of Locating Web Site and Applications

The beginning of customer engagement starts with the online interfaces such as websites and mobile applications. The purchasing decision making process starts with information search online therefore an easy to remember domain name, search engine optimisation and paid placements helps the customer engagements. For example, search engine optimisation (SEO) strategically ranks the webpage in ways that makes for easy identification and selection (Xing & Lin, 2006). Use paid placements to display adds in pre-specified web regions for search optimisations as well (Xing & Lin, 2006). Utilise app store maximisation strategies to make online purchasing apps more visible and easy to locate.

Ease of Use and Usefulness

Online users' decision to use and re-use online platforms is based on their perceived ease of use and usefulness (Davis, 1989). Customer online engagements is further enhanced when users perceive that online interfaces are easy to navigate to access relevant information, which is also a sign of customer care and respect (Egger, 2001). Indeed, ease of online platforms use has been found to significantly influence customer online engagement experience (Hackbarth, Grover, & Yi, 2003). From a utilitarian perspective, deliberate, rational and goal oriented customers find online platforms such as websites and mobile apps convenient for their shopping needs (Batra & Ahtola, 1991; Engel, Blackwell & Miniard,). Because utilitarian online customers place more premium on the relevance and convenience rather than experience, online platforms must pay more attention to time allocation of information search specifically focusing on highly filtered keywords that identifies the online platform with ease (Cotte & Ratneshwar, 2003). For example, service organisations utilising online platforms have provided convenience to their customers through the ability of these platforms in comparing prices at a go for quick decision making (Mathwick., Malhotra & Rigdon, 2001).

In contemporary times however, online customers have been shown to prefer a fine balance between hedonic and utilitarian online platform features hence seek an

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experiential online experience (Bilgihan, Okumus,, Nusair & Bujisic 2014; Bridges & Florsheim, 2008). User interfaces that increases customer enjoyment and pleasure sustains the customers interest and boost satisfaction (Szymanski & Hise, 2000). A hedonic feature such as online features enjoyment mediates user's engagement and experience and their impulsive buying behaviour (Floh & Madlberger, 2013). Online platforms that offers enjoyment as a hedonic feature, explores the desired needs and goals of users through the provision of fun features weaved into web and app utilisation to create the ultimate customer engagement experience (Salehi, Salimi, & Haque,2013). Websites and online mobile apps that are fun to use regularly guarantees customer attention, retention and word of mouth to attract new customers (Ding & Lin 2012).

Personalisation

From the perspective of online business engagements, it takes so much effort to create interfaces that involves customer themes using consumer behaviour patterns. In general terms cyberspace users appreciate personalised online engagements that speaks to their self-identities (Kobsa, 2007). Mimicking brick and mortar service engagement experiences, online service engagements have in recent years found the use of big data and data analytics to construct online service engagements that makes users feel as though the business interfaces have been customised for their use, comfort and pleasure. For example, Amazon deploys data mining strategies using consumer buying behaviour history for product recommendations based on current needs. Online interface platfoms personalisation results in users feeling emotionally attached to the brands and often results in repeated purchase (Duan, Yu, Cao, & Levy, 2016).

Social Interactions

Online engagements lack the physical social experiences generated by traditional brick and mortar service engagements. To create any semblance of a social community, online business platforms through Web.20 has allowed online brands to have real time engagements with their clients with the clients forming a mutual interest community of online business value co-creators through sharing of ideas, product reviews and product ratings (Cheung et al, 2015). Indeed, social media have proven to be invaluable to the building of the online social interactive engagement experience through massive social networking of friends and colleagues with similar interest and backgrounds (Dholakia, Bagozzi., & Pearo, 2004). E-commerce businesses have not overlooked this massive potential. Perhaps the growing realisation of online brands to fully integrate all social media platforms with main websites to ostensibly direct

traffic to those websites is a tacit admission of the power of online social networks that fosters socialised enabled businesses (Fournier, 1998).

Multi Device Compatibility

Portable mobile devices such as mobile phones and tablets have revolutionised the way in which online brands utilise multiple devices for creating adaptive online user interfaces. Going past desktop application as the dominant device adapted for online user interface development, online brands have now seen the value in deploying user interfaces using multiple device channels thus leveraging the advantages of each to create superior customer online engagement experience. The lesson online brands are learning is to essentially integrate Web, mobile and tablets adaptive user interfaces to empower online customers' convenience and pleasurable user engagement experience (Kandampully & Zhang, 2015)

. A unified online experience also ensures a consistent integration of the business themes across all multiple hosting devices that ensures uniformity and brand recognisability to sustain competitive advantage (Chan, 2012).

COVID-19

This current COVID-19 is a global challenge and like any pandemic, it has weakened health systems, costs lives as well as pose high risks to the international economy and security as well (Chattu et al. 2020). According to data from World Health Organization (WHO), as of June ending 2020, there have been ten million cases of COVID-19 around the world, thus causing nearly 500,000 deaths in and around 215 countries. The COVID-19 pandemic is a public health emergency as well as likely to continue to cause serious public health damage such as major infectious diseases and other public health problems (State Council of PRC,2003). Global economic growth is expected to reduce continuously (Nagesh & Chakraborty, 2020) as well as from the OECD forecast, the global GDP growth rate will drop to 2.4% in 2020 (Orlik et al., 2020). The virus was first identified and reported from Wuhan city of China in December 2019 (Du, 2020). Within a short period, it was declared a global pandemic by the World Health Organization on March 11, 2020 (WHO, 2020). As of 18th April 2020, 10:00 am, WHO has reported more than 2.1 million confirmed cases of COVID-19, including 142,229 deaths in 213 countries. The number of cases continues to increase throughout the globe and became a serious threat to public health. Social distancing, isolation and quarantine, wearing of nose/ face mask, washing of hands frequently, using alcohol-based sanitisers, national lockdowns were some of the precautionary measures initiated by the government, businesses

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and firms to contain the spread of the coronavirus throughout the globe since there was no vaccine to treat COVID-19. Some economies, especially African economies were already struggling before the COVID-19 hit the world, which could further increase the economic crisis. Therefore, a special COVID-19 response needs to be created for Africa. According to Zhang & Kim (2020), the risk of uncertainty as well as the global recession has increased largely because of disruptions in the supply chain, reducing buyers demand for product consumption as well as investment, significant weakening of economic activities together with damaging market confidence. These factors are severely testing the resilience of different economies, the level of governance as well as the effectiveness of international companies. As the fundamental element of the national economy, the operational activities of companies and businesses is the key to the development of the national macro economy. Thus, it is significant to understand the status of companies, their coping strategies as well as the need for government policies to respond to the impact of the COVID-19 pandemic. Several scholars have begun to examine companies and businesses marketing innovative strategies as well as strategic responses to the crisis during the coronavirus pandemic (He & Harris, 2020).

COVID-19 and Increased Online Traffic of Firms

Online marketing has experienced rapid growth since its humble beginnings with online sales projected to grow to 599.2 billion USD by 2024. The COVID-19 pandemic saw online sales spike by 25% in only March 2020. The power of online marketing or business should not be underestimated as it continues to pervade everyday life as well as present significant opportunities for businesses, marketers, corporate entities as well as investors. Prior to the COVID-19 pandemic, businesses, companies, governments as well as individuals were constantly relying on digital technologies especially online platforms for various activities such as commerce, education, healthcare, logistics including financial transactions. In 2019, mobile internet traffic per user, a proxy for the utilization of online platforms was growing at a quarterly rate of 12% in economies with high income as well as 10% in countries with middle incomes. Within the first few months of 2020, there was increased use of technologies across the globe. The use of online platforms grew faster in the first quarter of 2020 as consumers, firms, governments together with businesses were experiencing dramatic changes in how they can interact as a result of the COVID-19 pandemic as well as its associated lockdowns. Firms and businesses have to create new ways of engaging their buyers, maintaining their relationships with suppliers, keep their staff delivering from home as well as continue to serve their buyers, if possible with little physical contact. Companies and individuals are constantly

developing innovative ways for social interactions as well as consumption with little or no physical contact between firms and their customers.

According to Thota (2018) businesses and companies can use digital platforms such as social media to activate buyer's products needs by triggering brand engagement that promotes positive perceptions about the products or services. Digital platforms are powerful tools for message exposure. The author further reveals that 93% of U.S firms use online platforms such as Facebook, Twitter and others to engage their clients. Online platforms provide companies and businesses with a virtual avenue that enhance buyers brand or product awareness and also used for a buyer to buyer interactions to share their product experiences (Thota, 2018). Therefore, social media offers businesses a means to generate brand or product awareness for their products or services. From the above discussion, we propose that;

H₁: COVID -19 has increased online traffic of firms.

Online Advertisement and Increased Online Traffic of Firm

As a means of information, persuasion as well as promotion, advertising has been identified as a promotional mix element that has been existed for many years. Advertising is recognized as an important and well-known form of marketing communication as well as a communication element that uses different forms of mass media to promote sales messages across a wider number of people. With the fast development in information technology, the internet has turned to be a good advertising media that is usually used by firms, advertisers, businesses and marketers to communicate and share information with buyers (Ashraf & Mohammed, 2012). Online advertising or internet advertising is termed as the delivery of advertising messages or information as well as marketing communication through websites. It can be through different electronic platforms for instance desktop computers, laptops, mobile phones, iPad and so on. Companies, businesses and marketers can use online advertising as a powerful as well as an effective marketing tool to promote or advertise their brand, product or services to their clients (Tchai, 2011). Furthermore, firms can use the internet to target its customers by creating awareness about their brand or product as well as have immediate response. Online advertising helps businesses to sell their brands, products and services through one on one interaction with their buyers. Tchai (2011) asserted that online advertising enable firms to facilitate the marketing of their products and or services globally as well as locally. Again, it improves buyer's patronage from both home and international in a more effective manner (Chaffey et al., 2003). Online advertising effectiveness helps firms, businesses and marketers to make use of the internet and social media, make changes of their communication messages that can help them attract and retain more

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purchasers (Ramaraji & Suzanna, 2003). Firms abilities to identified changes and connect it makes advertisement more effective. Ronald & Barbara, 2002 proposes that advertising effectiveness is the ability of marketers or advertisers to present the information in a way that will enhance the interaction between the firm and its buyers. Studies reveals that buyers are more informed and thus do not need third party, therefore it is very important for firms to create advertising messages that can interact freely among the firms and its buyers without any hindrance. According to Tchai (2011) if buyers understand the advertising message very well, it enhances the firms image and reputation, profitability as well as compete successfully in a dynamic changing business environment. Therefore, it is asserted that;

H₂: Online advertisement has increased online traffic of firms.

E-Word of Mouth and Increased Online Traffic of Firm

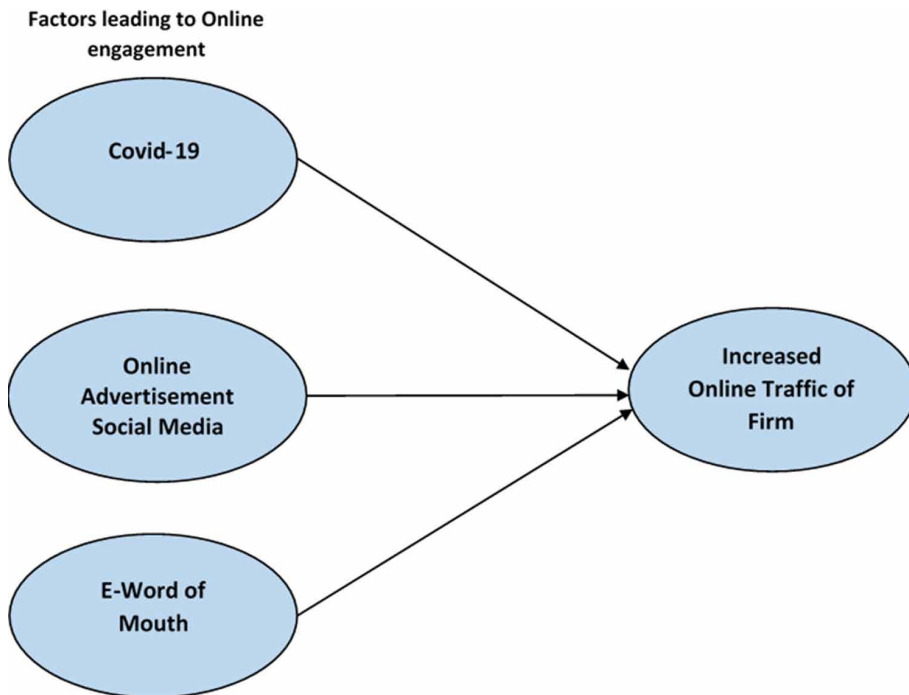
Word of mouth is recognized as a powerful tool in marketing which involves buyers spreading information about a brand, product or services to other consumers. The idea of word of mouth marketing or advertising brings value to the marketing world of business while positive word of mouth is easy to retain client's loyalty as well as increase consumer base of a firm or business (Anunobi & Mbagwu, 2009). It is asserted that a relationship exists between word of mouth and buyer's loyalty to a company. Word of mouth is termed as spreading good news about a brand, product, firm or services among consumers apart from marketing communication or advertising messages from the company (Alomaim et al. 2003) proposes that buyers influence others to purchase a product because of the benefits they have gained from using the product. It can also be defined as interpersonal communications between purchasers concerning their personal experiences as well as assessment of a brand or product of a company. Electronic word of mouth (e- WOM) is referred to as the dynamic as well as the continuous exchange of information processes between a potential, actual or former buyers of a brand, product, services or a firm, which is available to many people including institutions on digital technologies using the internet (Ismagilova et al., 2017). Filieri et al. (2018), proposes that e-WOM is an important source of information that influence consumer's behavior and significantly affect the way buyers make buying decisions (Lin et al., 2018). E word of mouth marketing provides buyers with information about a product or services. According to Ismagilova et al. (2017) buyers perceive e word of mouth advertising more credible as compared to the traditional method of advertising. E word of mouth advertising during the purchasing decisions helps buyers to be more confident in choosing a brand, product or services, limit the risk in purchasing decisions as well as help gain social approval (Hennig- Thurau & Walsh, 2003). Asikhia (2011) asserted

that e-word of mouth is more than saying about a product or brand. Consumers trust what they hear directly from relatives, friends, colleagues and other users of a company products or services (Auta, 2010). According to the Business Marketing Plan (2011), higher quality product or services delivered to buyers lead to positive e-word of mouth, brand loyalty, satisfaction, customer retention, repeat buying intention which can lead to long term profitability of firms. Firms commitment in engaging as well as delivering better product and services brings about positive word of mouth marketing through the internet. Chong et al. (2009) proposes that the higher the consistency between a firm's brand image including buyer's self-image, the greater consumer's assessment of a company's product as well as the willingness to purchase the product, brand or services. Many researches have examined the relationship between e-word of mouth and its effect on buyers repurchase intentions that can increase online traffic of firms (Saleem & Ellahi, 2017). Therefore, from the above discussion, it is hypothesises that;

H₃: E word of mouth has significant effect on online traffic of firms.

Proposed conceptual framework

Figure 1.



IMPLICATIONS OF THE STUDY AND CONCLUSIONS

The forgoing discussions presents several implications for business practitioners. The onset of the covid-19 pandemic brought a lot of pressure on firms, particularly in the area of developing new strategies to ensure demand for their products is not negatively affected. The fact that Covid-19 emerged, did not mean business activities must come to end. Businesses still need to stay connected to their customers, create continuous value for customers and maintain their competitive edge in the competitive business space. It is known fact from the literature that major events arising from the recent Covid pandemic such as restrictions on business operations and lockdowns and other several restrictions on mobility imposed across the globe brought about reductions in personal visits by customers to physical branches of firms. On the other hand, however, online traffic of firms rather saw an increase; a situation which could be the new normal for a long period of time. Following from the evidence anecdotally gathered, businesses should expect increasing switch from physical engagements to mostly online engagements. This calls for improvements to firms' digital platforms to ensure customers continue to get same value. With competition moving online and the internet space becoming overly crowded, getting the attention of customers, who have become increasingly polygamous means, firms must make their internet presence felt through online advertisement. The importance of online advertising is reflected in the amount of money spent globally on online advertisement by firms which surpassed \$209 billion in 2017 (Kafka & Molla, 2017). With Covid-19 projected to stay with us for years and findings suggesting even more customers would prefer online engagements, firms must think of newer innovations or formats through which they can reach their customers with their messages and subsequently increase the flow of traffic to their specific online platforms. Tools like mobile advertising, social media advertising, virtual engagements, special webinars, direct emails, video marketing, LinkedIn platforms amongst others. Compared to physical presence of customers, online advertisements ensure not only the local market get to patronize firm's products but also international customers (Chaffey et al., 2003) thereby increasing the bottom-line. Another implication of this model is that firms must begin to pay more attention to their E-WOM as evidence show that E-WOM significantly influences buyers' perception about firms' products and thus have the power to direct traffic towards firms' online platforms (Lin et al., 2018). Especially when E-WOM and other third party communities have emerged as more powerful media and which have higher believability and credibility ratings compared to the traditional communication tools (Ismagilova et al., 2017). In conclusion, several studies have confirmed the behavioural change of customers as far as purchasing is concerned. As online buying particularly amongst customers in emerging economies increases, firms must not see onset of the covid-19 pandemic only as a curse, but rather

as an opportunity to increase their online presence through more E-advertising and E-WOM to ensure they continue to maintain high volumes of visit to their websites ensuring growth of their customer base, competitive positioning and future survival.

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KEY TERMS AND DEFINITIONS

COVID-19: An illness caused by a novel coronavirus now called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

E-Word of Mouth: Any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the internet.

Firms: Business organisations.

Online Advertisement: The delivery of advertising messages or information as well as marketing communication through websites.

Online Engagement: Individuals' participation in and connection with the firm or brand and its representatives in online channels.

Chapter 8

A Conceptual Model of Drivers of Online Brand Engagement: Moderating Role of COVID-19

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ABSTRACT

This chapter proposes that customer relationship management (CRM) activities of firms do have influence on trust developed by customers on digital platforms of firms. Similarly, e-commerce activities also impact the trust of customers on the digital platforms of firms. The model proposes further that online platform trust leads to the degree of online brand engagement. The higher the trust in the platform, the higher the likelihood of more online brand engagement of customers for the firms' brands. The proposed model however suggests that the relationship between digital platform trust of customers and brand engagement will be moderated by the impact of the COVID-19 pandemic. The implication is that the higher the COVID-19 impact, the higher the online brand engagement, and the lower the COVID-19 impact, the lower the online brand engagement.

INTRODUCTION

'In today's highly dynamic and interactive business environment, the role of "customer engagement" (CE) in cocreating customer experience and value is receiving increasing attention from business practitioners and academics alike' (Brodie et al 2011). The rapid use of information technology has resulted in the emergence of different social media platforms, such as Facebook, WhatsApp,

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Twitter, and blogs, to name a few, which have transformed how businesses create value and communicate with buyers (Kumar, 2018). The usage of the internet and web technologies has led to an e-commerce community with thousands of brands and products from e-stores across the globe for consumers and a context in which buyers can browse for products, compare prices, and take advantage of great offers. The growing needs and demands of users in recent times, growing body of information that are available in connection with the patronage of products as well as the emergence of the internet as a market place has become significant for today businesses to use the internet as an avenue to attract and retain buyers including building their brands. Misuraca, Scepi & Spano, 2020 asserted that a high volume of buyer's information displayed online helps brands or businesses achieve more profound insight into buyers' needs and desires. It also leads to prospective consumers viewing the user-generated content on online brand communities, for instance, reviews and comments, enabling higher buyer identification of products or brands. Thus, firms should actively manage their social media content in a compelling and differentiate their brand experiences to harness the psychological process of buyer engagement (Chen, 2018). "The phenomenal rise of the Internet and the extensive use of social media in all walks of society have reshaped the way business in general and marketing in particular are approached. In this sense, social media transformed the fundamentals of marketing practices and opened new horizons for efficient and up-to-date online management of marketing activities. Firms across all industries are steadily building their competitive strategies leveraging the power of social media platforms such as Facebook, Twitter, LinkedIn, YouTube, etc". (Yasin et al 2019). Companies can use social media as a driver to engage buyers with their brands or products, promote buyer brand relationships, and boost the sales of their brands. Due to the widespread usage and rapid growth of the internet, businesses are constantly searching for several ways to establish brand engagement with consumers on digital platforms (Eigenraam et al., 2018), such as Facebook, Twitter, YouTube, to name a few through digital content marketing. According to (Hollebeek & Macky, 2019) digital content marketing is the development and flow of relevant and valuable brand-related information to prospective buyers on the internet to create favorable brand involvement, trust, and long-term relationships. Though companies have several ways of implementing their digital content marketing, they usually utilize social media drivers to build their brand engagement (Ki & Kim, 2019). Digital content marketing (DCM) created to add value to purchaser's life, for instance, educating them on how to use a product or brand, whereas online drivers provide a short cut to these desired outcomes. Thus, online drivers have an existing connection of trust with buyers, and buyers also search for content created by online drivers for valuable information and advice. Nevertheless, companies and businesses believe that buyers engagement with an online driver will lead to involvement with their brands. The

relationships are, however, not empirically established. According to Eigenraam et al., 2018 online engagement practices involves the buyer's perspective.

In contrast, Voorveld, 2019 asserted that studies in this area use actual social media data to examine purchaser's interactions and feedback on brand communication in social media in a physical setting. Companies can again create and maintain their digital brand's platforms for their buyers to interact with the brand-related information displayed online. Social media has now become a dominant channel through which brands communicate with their buyers. It also provides a rich network for different relationship-oriented activities, for instance, building brand-consumer communities. According to Clark & Melancon, 2013 online platforms are an effective way to strengthen the quality of brand buyer relationships, including several benefits such as brand loyalty, trust, increased satisfaction, sales increment, and positive word of mouth intentions. Buyers can interact with the brand, the media in several ways, specifically through online platforms. For instance, a product advertised on television or radio can go viral on Facebook after a buyer shares it on that internet platform while other purchasers may comment and bring their ideas for everyone to see without the firm's permission. Thus, buyers play an active role in promoting brand messages through traditional and online in a dynamic and changing business environment (Gensler et al., 2013).

BACKGROUND TO THIS CHAPTER

Social media marketing has increased significantly in recent times due to the spread of COVID-19 infection worldwide. Marketing of brands or products through technology tools like the internet (e.g., Facebook, YouTube, Twitter, and a few). According to Basilaia & Kvavadze, 2020 the transition from traditional to social media marketing during the COVID-19 pandemic has been successful, but further studies are required to examine the effectiveness and quality of online business. With the help of social media platforms, online business has gained popularity, and thus, many businesses are interested in improving and enhancing their brands or products to satisfy buyers needs and desires (Hsu et al., 2019). This effectiveness is weightier when most firms and businesses over the world shift to online marketing. The sudden shift towards online business amidst the COVID-19 pandemic has raised concerns over the quality and effectiveness of brands outcomes and consumer satisfaction. Zulfikar et al., 2019 investigated the effectiveness of social media marketing and suggested that buyer's opinions, discussions and comments are more effective and significant than meeting in a physical business environment. The spread of the COVID-19 pandemic forced businesses around the globe to close down to reduce the spread of the virus in the business environment. Social distancing during the

COVID- 19 pandemic has saved many people's lives and provided enough time for organizations to implement marketing communication strategies to control and stop the spread (Thunstrom et al., 2020). According to (Earn et al., 2012) an effective business strategy designed to minimize the spread and reveal that more than 50% of transmission limited among buyers by closing companies during the COVID-19 pandemic virus.

MAIN FOCUS OF THE CHAPTER

This chapter focuses mainly on how Covid-19 can potentially affect online brand engagement. The chapter discusses that firms' CRM and E-commerce activities will lead to developing customer online trust for firms which will lead then to online brand engagement. The chapter argues that the Covid-19 pandemic will moderate the relationship between online trust and online brand engagement. The chapter proposes that the higher the Covid-19 impact the more the online brand engagement.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Brand Engagement and Online Brand Engagement

Brand management concepts inconsistently explained in marketing theories (Maslowska et al., 2016) until recently begun to wed around the definition asserted by Hollebeek et al. (2014), which is buyers positive disposition to brand-related cognitive, emotional including behavioral activity during brand engagement or interactions. Brand engagement made up of three components which are cognitive processing, affection and activation. Cognitive processing is the degree to which buyers elaborate and think of a product or brand; affection is seen as the buyer's emotions or passion for the brand, while activation is consumers' level of effort and time spent with the brand (Hollebeek, 2011). Furthermore, Hollebeek et al., 2014 proposes that brand engagement is a significant criterion for examining brand performance and leads to several positive brand outcomes, for instance, patronage intentions. Nevertheless, in-depth study of purchaser's brand involvement and related problems remains scarce and largely lacking (Hollebeek et al., 2014). Brand engagement usually occurs within the buyer's engagement environment, as asserted by Maslowska et al., 2016. Their framework reveals how brand engagement grouped into four different methods: buyer's experiences with the brand, patronage behavior, brand interaction attitude, and brand consumption. The aim of this framework to recent theory is the argument that, in a global business environment, brands activities

are not the only influencers of brand engagement, but other factors such as brand loyalty can also improve purchasers brand involvement. Thus, it is not always the brand that initiates and controls the communication (Maslowska et al., 2016). These scholars identified some brand-related content; for example, reading buyers comments on brand posts and others can influence consumers brand engagement. Lastly, their model reveals that interaction exists between all the elements, such that companies or marketers can influence other factors; for instance, a brand can be linked to an online influencer to produce a video on social media sites such as Facebook, YouTube, Twitter and others. Although the internet recognized as a virtual digital platform that enhances brand engagement (Harrigan et al., 2018), the significance of social media influencers as a critical element in promoting brand engagement for consumers is yet to be built. Firms, businesses, and marketers can use brand engagement to establish authentic and long-lasting relationships with their clients, which in turn leads to company profitability for the long term. Many studies have established that online brand activities like ‘gamification can positively affect brand engagement and further increase brand equity, and that gamification appears to be an effective technique for brand management’ (Xi & Hamari 2020).

Online Drivers

Companies, businesses, and marketers have no control over the messages that they communicate about their brands or product. Two factors disrupt the traditional marketing communication process: interactivity and online platforms (Winer, 2009). Buyers communicate with a brand, media and others differently, mainly through digital platforms. For instance, a television ad about a brand can go viral on Facebook after a buyer shares it on that online platform; moreover, some purchasers can comment, like or add their opinions for everyone to see without permission from the brand. Hence, buyers have developed an active role in promoting brand stories. According to Gensler et al., 2013 brand messages communicated by the brand and purchasers online and traditional in a dynamic and changing business environment are very significant in the success of social media marketing. Most consumers do not have the power to develop brand stories. However, online drivers have the power to use social media to create user-generated content utilized by many audiences. The web is the primary channel for conducting business as well as managing our lives. Much information is available to consumers on social media than ever before and on an increasing variety of online platforms. The web has also evolved to include some essential channels that are new and able to interact with others, including on the go online experiences that are now part of our daily lives. These factors come together to create buyers who have more choices to make than ever before, more influence, and greater control over their relationships with the brand than

before. While this buyer experience revolution has been great for purchasers, this new environment poses several challenges for companies and marketers regarding engaging, including connecting with their buyers. For firms to be successful in the ever-changing dynamic business environment, it is essential to use online drivers to create platforms that will focus on delivering and engaging buyer's experiences that boost sales and long-term relationships leading to loyalty.

Customer Relationship Management (CRM) Practices

The importance of Customer relationship management (CRM) on business orientation and performance has been the concern for firms, marketers, management, IT and other stakeholders within the business environment. The rapid increase in CRM linked to high competition for valuable consumers, advancement in technology and economics of buyer's retention. Companies usually hand over their CRM strategies and their implementations to the IT department, emphasizing installing CRM strategies and solutions (Pedron & Caldeira, 2011), rather than appreciating the strategic importance of managing customer relationships for increasing profit and long term growth. According to Leggett et al., 2016, CRM leads to the development of operational tools for firms, though its usage and effectiveness are few. Scholars in different disciplines examine many frameworks that can help companies to implement CRM strategies successfully. Maklan, Peppard & Klaus, 2015 asserted that information systems researchers had created a better understanding and conceptualization of the methods of CRM investment together with its effect on a firm's performance.

Furthermore, these scholars consider human and organizational perspectives for CRM processes and thus promote a broader role for CRM in a company's strategic decision making. In the information technology aspect, the general issues in innovation adoption examined by utilizing several theoretical foundations. Some articles have emphasized individual acceptance, which refers to the idea that employees must use CRM strategies to achieve business goals normally interrelated with other tools. Developing a positive perception of CRM importance can lead to an adoption decision concerning CRM implementation across the firm. Thus, depending on the company's deployment of a particular CRM strategy. Employees perception of CRM practices mediates the impacts of CRM adoption factors and their implementation within the firm. Organizations need to focus on people issues first before investing in CRM technologies that are costly (Shum, Bove & Auh, 2008). Boulding et al., 2005 focus on the critical roles of staff, though identified that knowledge about how employees associate themselves to CRM activities and practices is known. According to Vella & Caruana, 2012 merging employees needs with CRM strategies is crucial for CRM implementation. Therefore, CRM must be incorporated into a company's

work processes and can be successful if individuals accept the systems or processes to think about buyers as valuable (Trainor et al., 2011).

2.3. CRM Efforts of Firms and Online Trust for Firms

Research has focused on the company's efforts to use CRM technologies to achieve organizational performance, goals, and long-term profitability. A company's efforts to adopt CRM technology such as contact management software are less likely to enhance firms' marketing performance. Moreover, the company's highly robust CRM analytics and integrated collaborative CRM technologies can enhance both business and relationship outcomes. In information technology theory, CRM technology a broader construct consisting of functionality, user acceptance, and integration. Winer, 2001 proposes that CRM is a marketing promotional activity connected to a marketing database that focuses on efficient marketing of goods and services. CRM technology adoption by firms can create customer-centric strategies that aim to develop one-to-one relationships with buyers. The company's effort to implement CRM relies on merging CRM with their marketing strategy, monitoring and control, organization and process, and company's culture. For companies to use CRM to gain benefits, they must consider it a way of thinking that emphasizes buyers (Kim et al., 2012). Therefore, the CRM approach used to segment consumers, satisfaction, acquisition, and analyzing a firm's profitability, including customer retention (Tukel & Dixit, 2013). The importance of these elements to marketing commonly arises in most CRM researches from the marketing domain. Hence, it is reasonable that customer-centric orientation elements are considered (Padilla-Melendez & Garrido-Moreno, 2014). Fung & Lee, 1999 define trust as the willingness to believe or beliefs revealing different party attributes (Stewart, 1999), for instance, benevolence, goodness, honesty, fairness, ability, predictability, to name a few. Many online scholars do not usually define trust (for instance, Cranor, 1999).

The internet provides a double challenge in that both it as well as its players are relatively new. Scholars have identified that in a novel situation, consumers rely on their general disposition to trust. Trust disposition is the extent to which one shows a consistent tendency to be willing to depend on others in general across a broad spectrum of situations and persons. In online situations, the people involved are the buyers and e-vendors (e.g. marketers, managers, firms, store owners, web stores, to mention a few). The interpersonal trust of e-vendors from buyers is very significant for improving purchasing behavior. Trust leads to sales increment, leading to firm's profitability, including long term relationships with customers, even on the internet. Research work by (Khasawneh et al 2021) confirmed that 'the reason for a positive relationship between customers trust in social media influencers and customer participation is when customers find an influencer to be trustworthy they

tend to participate more'. This underscores the importance of trust in online social media brand business activities

Furthermore, trust means that one believes that the other party has one or more characteristics that can benefit each party. Thus, buyers want companies to be willing and act in their interest, be honest in their transactions, and capable of, predictable at including delivering their promises. Therefore, it is hypothesis that;

H₁: CRM efforts of firms can have a positive effect on buyer's trust online.

E-Commerce Activities of Firms and Online Trust for Firms

E-commerce defined as the process of conducting business transactions or marketing activities using the internet. E-commerce applications are widely used in today's business environment as it simplifies business interactions online (Gajendra & Wang, 2013). Study done by (Lin et al 2020) in China for firms established that e-commerce capability of agribusinesses enhances firms' business agility. The websites are valuable tools through which firms can use to conduct their e-commerce activities. Firms' e-commerce activities can provide an excellent opportunity for businesses to increase their customer base online, boost sales and buyer's retention. For company's e-commerce to be successful, it should have a website design that determines the ability of the business to gain benefits from an online sale. The market space that creates innovative ways for firms to conduct their business and communicate with their customers is the website. Trust is a vital tool for business organizations that want to establish long term relationships with their clients. Companies and businesses are interested in establishing exchange relationships with their customers on the internet to increase sales and retain customers. The important antecedent for continuing the exchange relationship is the buyer's beliefs, including their intentions connected to e-vendors or firms trust. These beliefs depend on the degree of risk perceived by purchasers and the level of perceived control based on the information they can exchange with the web vendor. Online trust is the conviction that enables purchasers to become exposed to e-vendors after considering their characteristics willingly. The significance of trust further emphasized in the social media transaction context and vital for an online business to be successful. Since trust is essential for social and establishing a business relationship (Wu & Tsang, 2008), scholars, including management, have identified it as a fundamental element for business transactions. According to (Šaković Jovanović, et al 2020) e-commerce offers a number benefits especially in terms of sales when firms use commercial websites and online marketplaces in addition to e-commerce.

According to Grabner-Krauter & Faullant, 2008 trust is always the central factor to any economic decision, whether the transaction conducted offline or online. Study

by (Mou et al 2020) indicated ‘ that perceived risk, trust in provider, and trust in the website affect repurchase intention significantly, where trust in website is found to be the most important factor’. This underscores the importance of trust in e-commerce platforms. Though technological advancement has improved security levels, trust in business is still a more significant obstacle in online business. According to Yousafzai et al., 2005 lack of buyers trust in the attributes of internet retailers and providers of services and the overall online environment is a huge obstacle for an increase in e-commerce activities. Buyers interaction with a firm is similar to their involvement with a website and their perception of trust online based on their interactions with the site (Bart et al., 2005). Consumers interaction with a company on social media can contribute to building trust. ‘With the advent of interactive Web 2.0 (and beyond) technologies, the role of consumer brand engagement (CBE), which focuses on the consumer’s investment in their brand interactions, is of rapidly growing importance’ (Kaur et al 2020).

Nevertheless, in an online environment, the engagement is limited to the functionalities of the website. A company’s e-commerce activities must reveal different forms of commitments in order to increase consumers’ online trust. The vitality of goods and services, together with unfamiliarity with web- vendors, raise the question of commitment regarding the offer, for instance, delivery of the product to buyers. A company’s e-commerce activities can enhance consumer relationships, which may result in buyer’s dependency on their products and services. Thus, online usefulness can promote consumers’ intention to use and actual use; trust mechanisms can enable purchasers to manage risks in some types of associations that can be short or long term. From the above information, we propose that;

H₂: Firms e-commerce activities can influence buyers trust online.

Online Trust for Firms and Online Brand Engagement

Trust known as the primary and fundamental necessity for successful business relationship development and improvement. According to Fontenot & Wilson, 1997 relationship management theory asserted that marketing relationships based on trust. Trust in a brand is the feeling of security that buyers have in their interaction with a particular brand, showing the belief that the brand is taking care of them and doing anything possible to satisfy their needs, wants and desires (Chao-Chin, 2017). Online businesses that many buyers recognize generate a feeling of trust. The feeling is genuine such that buyers can ascertain the risk involved in purchasing online with their brands seems low to them, similar to the risk they attribute to buying of products or services face to face. Therefore, it is possible to measure the relationship between buyers and their brands through trust. Brands are increasingly relying on social

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media as a channel for establishing strong relationships with their clients (Agnew, 2017). Brand engagement recognized as a significant resource of buyers as well as a direct predictor of customer engagement. Engagement is a critical component of buyer's behavior in general. Customers engagement though connected to the relevance of an object such as advertising, brand including websites, are based on their inherent needs, desires, values, and interests. According to Delgado-Ballester & Munuera-Aleman, 2001 buyers with higher levels of engagement with a specific brand or product may spend time and effort on information processing and think more about other related products, including making speculations concerning brand traits. Previous articles on online brand engagement show that buyers with higher degrees of brand engagement are much likely to experience heightened buyer's involvement across cognitive, affective, and attitudinal aspects (Harrigan et al., 2017). It is posited in their findings that online brand engagement increases when customer's involvement dimensions which are affection, activation, absorption, including their socialization processes, are improved.

Buyers brand engagement on social media increases because they activate higher information processing and intricate more when they interact with the brand or product on the internet. Thus, a highly engaged purchaser is likely to be more cognitive absorbed (Carlson, De Vries, Rahman & Taylor, 2017), emotionally aroused, entertained and have a higher perception of integration with the brand, product or online solid brand community (Harrigan et al., 2017). It also develops a more excellent perception of socialization by interacting with other individuals who may not be brand followers (De Vries & Carlson, 2014). Companies trust online increases when buyers know that their brands will not use deceptive practices or activities to influence them to purchase e-products. When buyers build trust, they turn to purchase more and lead to positive word of mouth. When purchasers perceive that risks to security, privacy, fraud, or reliability are low, their perceptions of expected benefits increase; thus, their desire to repurchase from their brand on social media increases brand engagement and long-term satisfaction. Management of trust is one of the essential elements in online platforms and the building of brand engagement. Online customers who are loyal to their brands are profitable. Trust is the basis for forming brand engagement, satisfaction, and maintaining long-term e-commerce activities relationships (Kim et al., 2012). Therefore, we posited the following hypothesis:

H₃: Online trust significantly leads to online brand engagement.

The Moderating Role of COVID-19

Online marketing existed several years ago due to its effectiveness, quality, and consumer's satisfaction have been the focus of past articles. Internet marketing

platforms promote a firm's brand and strengthen consumer-brand relationships leading to long term profitability. The rise in internet usage has made marketing more present in people's daily lives, making requests for products and services more frequently. However, the COVID-19 pandemic has substantially impacted the business environment, whose revenue comes mainly from face to face marketing. The spread of COVID-19 is through droplet transmission, so without the safety protocols such as staying at home, the spread will rise and may be uncontrollable (Ur Rehman et al., 2020). Kayes et al., 2020 proposes that the primary aim of staying home is to slow down the spread of coronavirus; furthermore, it distances people from infected ones who are still symptomatic to reduce the damage. COVID -19 pandemic and related safety protocols had enforced colossal costs on society because it has reduced economic activities across the globe (Thunstrom et al., 2020). As the pandemic progressed across the countries, there was massive information flowing every day. Amidst rumours and accurate information, the presence of anguish, including anxiety, has prevailed (Torales, O' Higgins, Castaldelli-Maia, & Ventriglio, 2020).

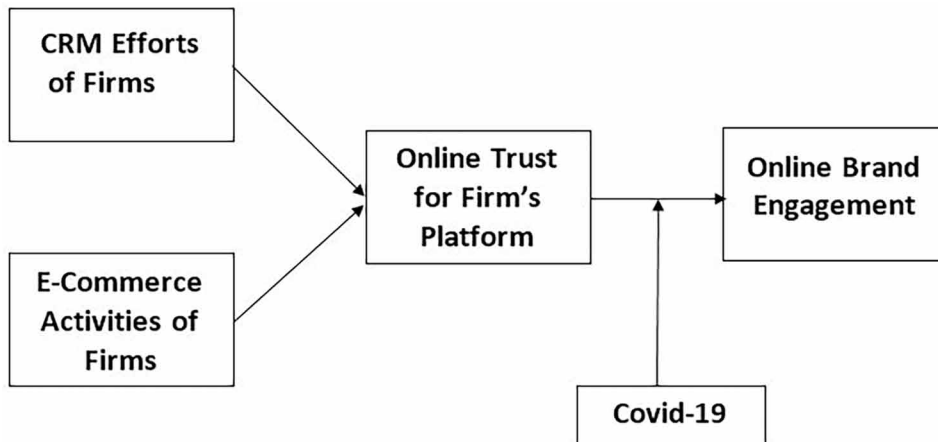
According to Taha, Matheson & Anisman, 2014, uncertainty alone can generate a feeling of being threatened among consumers; hence, the various strict guidelines such as isolation, wearing of face/ nose mask, social distancing, and staying home, sanitizing hands has increased fear in consumers. The COVID-19 pandemic has pushed many companies and businesses worldwide to suspend their business activities and continue the business online. This sudden shift to online brand engagement due to COVID-19 opened the discussion regarding the preparedness of buyers and the effectiveness of the business online. The interaction between buyers and the e-vender is vital for the company's success and long-term profitability—buyer's patronage behavior based on product and or service attributes (Asioli et al., 2017). Thus, the utility maximization framework proposes that buyers' decisions to patronize products perceived as either risk or benefits. Because risk perception is a personal expectation of possible effects on wrong choices (Bonn, Chang & Cho, 2020), disease denial will make buyers perceived benefits to purchasing products through web vendors or social media. Thus, the risk of contracting the COVID-19 reduced in a situation of low risk or high benefits. During the lockdown, buyers had to stay at home thus were away from social interactions worldwide. Online marketing became an opportunity for firms, businesses and marketers to interact with their customers and other prospects, becoming an essential part of marketing.

Furthermore, companies can reallocate their resources online to use e-commerce platforms to serve their customers. These can facilitate brand engagement and communication between firms and buyers based on establishing trust and maintaining their relationship after the COVID-19 pandemic. Therefore, we hypothesize that;

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H₄: COVID-19 mediates the relationship between the online trust of firms and online brand engagement.

Figure 1.



DISCUSSION OF CONCEPTUAL MODEL

The proposed model (Figure 1) suggests that firms' e-commerce activities and CRM efforts can lead to trust in online platforms that their customers engage them on. The level of trust in the online platform that customers have will also determine online brand engagement. The model, however, suggests that the Covid-19 pandemic will moderate the relationship between trust in online platforms and online brand engagement. The implication is that the higher the level of the Covid-19 Pandemic, the more customers will engage brands online, provided they trust the firm's online platforms. The lower the Covid-19 Pandemic, the fewer customers will engage brands online. The proposed model predicts that CRM and E-Commerce activities do not automatically result in increased online brand engagement. The models suggest that trust for firm platforms is a mediator between CRM and E-Commerce activities and online brand engagement.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

As in any study and research there are some limitations for this study as well. First, the work is not empirical though very good conceptual model has been proposed.

This model has to be tested to for viability. Secondly because the work is conceptual the application and the generalization of the findings of the study to some situations can be limiting in this sense. Moreover it will be interesting for future research to test the proposed model in the context of different geographical, cultural, social and economic variables. Furthermore this study focuses mainly on the specific effects of Covid-19 pandemic but there could be other factors that could also act as moderating and mediators which has not been captured in this model. To this end the author suggest that future research should incorporate the assessment of cultural dimensions into the model. Fourth, future studies can investigate customers' online brand engagements in the context of active and passive social media behaviors for different firm types across industries in emerging and developed economies. Lastly, a further analysis needs to be conducted to test the proposed relationships and hypotheses in the proposed model in any chosen industry. This analysis should take into account the quality of e-commerce delivery and firm CRM activities. The issue of national ICT infrastructure support policy by governments in emerging economies cannot be overlooked (e.g. high cost of data and connectivity challenges in developing economies)

CONCLUSION

The study, therefore, concludes that the Covid-19 pandemic has an effect on online brand engagement and that brand managers should make their websites and online platforms user-friendly and trustworthy for customers to engage their brands well. This has been confirmed in an earlier study by (Puriwat & Triposakul 2021) that 'COVID-19 pandemic has affected the lives of people and has forced businesses to develop different ways of doing businesses. Several businesses have implemented social responsibility activities'. Moreover the study points out that though of this research work is purely non-empirical there is enough evidence from the literature to warrant careful observation on internet and online brand activities for strategic online brand decisions to enhance brand trust for firms. Finally the study strongly suggest that the proposed model and hypotheses are tested to see if the model can be good for firms in their brand strategy development, as suggested in this work since the Covid-19 pandemic has changed the nature of customer online brand engagement.

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KEY TERMS AND DEFINITIONS

Coronavirus Disease 2019 (COVID-19): Is an infectious disease caused by a newly discovered coronavirus. Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment.

Customer Relationship Management (CRM): Is a technology based system that helps to managing a firms relationships and interactions with customers and

A Conceptual Model of Drivers of Online Brand Engagement

potential customers. CRM helps businesses to gain an insight into the behavior of their customers and change their business operations for better outcome.

E-Commerce (Electronic Commerce): This involves various activities to electronically sell or buy or do both for products or services on online usually through the internet.


Online Brand Engagement: Is an indication of an emotional commitment to a brand via online platform. Brand engagement is more than brand awareness; it is a show of loyalty and can result in word-of-mouth recommendation by customers. Brand engagements involves building the brand internally and obtaining employee engagement and commitment. This helps to further solidify and build the brand eventually improving the brand for better consumers' experience.

Online Trust: It is a belief that an online user has confidence in an online engagement with a firm. It is normally a computer mediated experience. It is a measure of the confidence that an online customer's vulnerabilities will not be taken advantage of when engaged in an online activity.

Chapter 9

Adoption of Online Advertising by Small and Medium Enterprises

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ABSTRACT

Pandemics have emerged in many stages of human history and have affected many eras. In these eras, establishing and managing communication was as difficult as fighting the disease. The management of pandemics has varied according to the means of communication, innovations with technology, and the impact of mass media. The COVID-19 pandemic period has found the role of digital communication in the changing and transforming world. Because of the many restrictions in this period, some marketing activities were greatly interrupted, and accordingly, the interest of businesses in internet advertising increased. Advances in the internet and ICT have increased the interest and demand for online advertising. Online advertising and marketing activities used only by large companies in the past are now preferred by SMEs. Within the scope of progress and developments, small and medium enterprises (SMEs) have also been involved in the competition by carrying out their advertising activities on online platforms.

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INTRODUCTION

Covid-19, which started in China and spread all over the world, has greatly affected the world and the cornerstones of the economic structure. The pandemic, which has had a positive or negative impact on a global scale, has had some consequences in many areas including health, education, advertising, airline industry, and tourism (Taylor, 2020). Moreover, it has caused many changes in e-commerce and digital advertising applications. In addition to the existing digital transformations, Covid-19, which has caused digital transformations in many areas and on a larger scale, has settled in the focus of economic, social, and cultural changes. Consumers, whose movement areas were limited due to restrictions and closures during the pandemic period, predominantly made their shopping online. In addition to the current popularity of online shopping, the dramatic rise of online shopping during the pandemic has also affected investments in e-commerce and digital advertising applications. In the pandemic, in which online advertising is on the rise, serious changes have also occurred in the field of e-commerce, and businesses that have adapted to the process have come to the fore. In addition to shopping over the Internet and mobile applications, the time spent on the Internet and social media-enabled online shopping and communication applications continue in the digital environment. In short, businesses that adapt to digital transformation are trying to cope with the possible negative effects of the pandemic with what the digital age brings. The effects of the pandemic, which varies according to the industry in which businesses operate, have also created many opportunities.

In the 1960s, the concepts of price, place, product, and promotion came to the fore, and again in this period, the communication element advertising included in the marketing system became more functional (Elden, 2018). By the 1970s, the positioning strategy marked advertising and branding studies. According to this strategy, in the market where many brands compete with each other, for a brand to stand out, it must have an effective position in the minds of consumers. The period between the 1960s and the 1970s is known as the period when consumption habits emerged. Technological developments have led to the acceleration of production and the mobilization of the market, thus the spread of consumption and the formation of competition in the markets. This situation supported the development of the advertising industry as a communication tool. After the 1980s, which is characterized as the post-industrial age, the individuals who make up the target groups of products and services are separated by their lifestyles, so applications for differentiating advertising messages according to various advertising environments and target audiences have started to come to the fore. With the end of the cold war in the 1990s, the acceleration of globalization has directly affected many aspects of marketing and advertising. Within the scope of this process, international marketing and advertising gained

more importance, using the glocalization strategy, international agencies began to merge with smaller local agencies and include these agencies in their global networks. Again in this period, the implementation of elements such as advertising, public relations, and personal sales with an integrated marketing communication approach has begun. Everything that carries a message such as a price, packaging, place of sale is carried out in coordination with each other. Since the 2000s, the most important developments in advertising have emerged with the development of communication technologies. Along with digital media, the interactive structure of communication media, interpersonal communication opportunities, and the possibility of reaching large target audiences have started a new advertising communication process.

The internet, which is the most effective and widespread communication tool of our age, is increasing its share among advertising channels with the increase in its usage rate every year. Online advertising for enterprises that increase brand awareness in the Covid 19 period; taking part in digital platforms, e-commerce applications; essential for their survival.

This book chapter mainly examines the adoption of online advertising by SMEs. For this purpose, this book chapter section will consist of the titles introduction, background, main focus of the chapter, solutions and recommendations, future research directions, and conclusion.

BACKGROUND

Advertising aims at promoting, selling, and appreciating goods and services to attract more customers in an intensely competitive environment. Advertising, which is included in the scope of marketing communication, tries to inform and persuade the consumer. Advertising proceeds in coordination with other marketing communication elements in line with the marketing strategies determined by the enterprises. With the technological developments and the changes in the world, the definition of advertising is also differentiating, new advertising definitions are emerging. The development of the Internet, the spread of social networks, the proliferation of applications, and therefore the increase in advertising channels, change the definitions and applications of advertising.

Advertising is defined as a non-personal communication of information that takes place in various media with a certain fee and a certain advertiser, generally to persuade (Arens, 2002; Richards & Curran, 2002). According to a similar definition, Fidan (2007) defines advertising as information made in return for money, by which it is obvious who made a product, idea, or institution through any advertising tool (Fidan, 2007). According to Sullivan, advertising is one of the main gears in the giant economy wheel, responsible for one of the largest parts of one of the highest

living standards the world has ever seen (Sullivan, 2002). American Marketing Association, advertising; It defines it as “a form of impersonal presentation in which ideas, goods or services are promoted for a fee” (Richards & Curran, 2002). According to another explanation, Albert Lasker defined advertising as a kind of sales promised in printed form in the 20th century (Arens, 2002). So, the purpose of advertising can be defined as creating the image of a product and persuading potential customers to buy that product.

Advertising has developed continuously in the historical process. The emergence of the concept of advertising goes back to the beginning of the exchange between people. With Gutenberg’s invention of the printing press, the first wall poster was hung on a church door in England, newspaper advertisings the establishment of advertising agencies, and the effects of the industrial revolution have gained great importance in the world. The presence of photographs increased the visual persuasion power of advertisings, and magazine advertisings became widespread. Advertisings made until the end of the 19th century had a structure that explained the product features and conveyed the beneficial aspects of the advertised product to the consumer. In the economic sense, advertising started to develop with the Industrial Revolution, and the fact that market control became necessary during the Industrial Revolution and the distance between the producer and the consumer increased gradually. Mass production, which started with the industrial revolution, brought along the invented tools and innovations, and the production of more goods. Advertisings made in this period were not effective enough as they were not prepared in detail in terms of technique, message, or strategy. However, in the 1920s, especially with the replacement of radio as an advertising medium, advertising began to develop. The serious development of advertising in the 1920s is due to the transition of capitalism to an advanced and holistic stage. This situation was seen as a necessity of mass production in the development of advertising. Thus, with the transition of consumer goods from industrial goods to durable goods, it has become a necessity to establish a demand management on the working segments (Wernick, 1996). After the Second World War, in the 1940s and 1950s, advertising developed rapidly with the emergence of television, a magical mass media.

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The purposes of the advertising are gathered under four headings in the general context. First of all, advertising has the purpose of giving information. Consumers are informed about a newly developed product or service. The consumer is communicated with visual, audio, or written content. Informing and communicating about this product or service has the purpose of persuasion, that is, it is essential to direct the consumer to the purchase action. Keeping the current product or service in mind, reminding, making the purchase action continuous, and reinforcing this situation are stated as the general purposes of the advertising. According to the 5M (Mission, Media, Message, Money, Measurement) rule of the advertising, the purpose of the advertising campaign should be determined first, and the most appropriate media channel should be selected and delivered to the target audience with a creative and catchy message. At this point, businesses should determine their budgets well and it should be aimed to use the budget most accurately. It is important and necessary to be able to measure as a result of the advertising, to measure the status of brand awareness and sales, and to understand whether the advertising reaches its goal (Elden, 2018).

Online advertising is often preferred as the internet works in integration with advertising activities (Ducoffe, 1996; Lim et al., 2010). Online advertising is also defined as content prepared by businesses for commercial purposes to inform consumers about a product or service on the internet (Schlosser et al., 1999). According to another definition, it is expressed as deliberate messages transmitted on websites to third parties, including search engines, via the internet (Ha, 2008). Finally, stated that online advertising is a process that advertisers aim to communicate, interact and persuade online users to position a brand, and reduce purchasing decision time internet (Hanafizadeh & Behboudi, 2012).

Adoption of Online Advertising by Small and Medium Enterprises

With the adoption of online advertising by SMEs, which have a major role in the economies of developed and developing countries, the way for personalized, low cost, fast and flexible behaviour on the internet has also been paved (Turban et al., 2006; Heiligttag & Xu, 2007). Also, online advertising has advantages such as managing traffic, tracking the user, measuring the efficiency of the advertising, evaluating the access and frequencies (Hanafizadeh & Behboudi, 2012).

Online advertising has some differences from traditional advertising (McMillan, 2004; Hanafizadeh & Behboudi, 2012): first, banner ads used in online advertising can easily raise a brand's awareness and direct it to the website where products or services are sold with one click. Second, there is interaction in online advertising. Advertisers can interact with customers directly and respond instantly to customer needs. Third, unlike traditional advertising, online advertising allows some intrusiveness and unauthorized situations. For example, "Disabling mouse" and "Farming" are the two main techniques of unauthorized advertising. In online advertising, content such as moving images, animations, videos, and sounds can be used to benefit from the Rich Media tool, which is defined as products and services that respond to the actions of the user. The most actively used Rich Media examples are Pop-ups and pop-unders. Fourth is the provision of personalized communication in online advertising. With the right message delivered to the right user at the right time, the probability of a possible sale increases. It is very difficult for SMEs to be involved in traditional advertising activities both in terms of operation and cost. Considering this, it is beneficial for them to manage the process at a more affordable cost to operate on the internet to broadcast advertising activities and appeal to large audiences.

MAIN FOCUS OF THE CHAPTER

Using the Internet as an Advertising Media

The Internet is a military defense project that emerged in the United States in the 1960s. Over time, new networks have been added to the computers in this project, and communication channels have increased, and new areas of use such as forums, file transfer services, and e-mail have emerged (Hafner & Iyon, 2000). Internet investors have sought to use this medium more professionally. The increase in the number of websites and the fact that they can be used by anyone with the Internet has enabled businesses to move their operations online through the website (Boudreau & Watson, 2006). With the increase in online transactions, there has been a serious increase in the number of active internet users. As indicated in Table 1, 316 million new users were reached between January 2020 and January 2021. Also, 490 million new active social media users were added.

The Internet can fulfill many functions of traditional media. Users can listen to the radio, read newspapers and watch programs over the internet (Cho & Cheon, 2013). With online advertising, advertisers can obtain more information about users who see advertising placed on the site from television or print media, and they can have information about the demographic information of users (Gordon & Turner, 1997). Mobile device usage and mobile applications have also become an indispensable part of consumers' daily life (Wong et al.2015). The most important feature that distinguishes the Internet from traditional advertising as an advertising medium is that it is interactive and measurable. Online advertising is different from traditional advertising because it can reach a much wider audience and has some advantages. Thanks to online advertising, consumers can learn the content of the book with an advertising title, read the comments, and download it as an application. Traditional advertising does not have such comprehensive communication and distribution integrity. One of the differences between online advertising and traditional advertising is that the display of advertising that reaches consumers can be controlled (Schlosser et al., 1999). In the digital age, where competition is increasing, conditions are getting harder and communication technologies are developing rapidly, the use of technology has become an integral part of the lives of businesses and individuals. With the innovations brought by internet technologies, the adaptation of many sectors to this process has become a necessity and the advertising industry is experiencing this change and transformation within itself. Businesses give importance to advertising and promotional activities to direct their potential customers to purchase behaviours for their products and services and to strengthen their brand image and reputation outside of this target audience.

Table 1. Change in the number of internet and social media users

	January 2020 – January 2021	January 2021
Total Population	+81 Million	7.83 Billion
Internet Users	+316 Million	4.66 Billion
Active Social Media Users	+490 Million	4.20 Billion

Source: Digital 2021: Global Digital Overview

With the spread of the Internet, the adaptation of the advertising industry to the dizzying developments involving information communication technologies and multimedia systems has become almost mandatory. Rapidly developing communication technologies increase the interest of businesses in online advertising. While online advertising was used with limited applications in the first period, it now

appears in many application areas with developing technological opportunities. Due to the widespread use of mobile technology tools and the internet, individuals go to meet their needs in an environment where the consumer is also active. Consumers now do their traditional shopping practices through websites, social media, and mobile applications and interact according to their wishes.

The use of search engines in online advertising is also one of the frequently used types. According to the searched words, the ads are presented with the search results according to the interests of the users. In this sense, Google functions as an important search engine. Ad types such as search network, display ads, video ads, shopping ads, bumper ads, out-stream ads are applied in Google ADS campaign types ([https://blog.112dijital.com/google-ads-adwords-campaign-tourleri-what's-nedir/](https://blog.112dijital.com/google-ads-adwords-campaign-tourleri-what-s-nedir/)). Online advertising is generally about delivering advertising to online users via websites, email, social media, ad-supported software, and smartphones. Examples of advertisements on the Internet include search pages, banner ads, social network advertising, online classified advertising, interstitials, ad networks, and email-containing ads (Deshwall, 2016).

In the market where communication technologies are intensely competitive, businesses have come to a point where they cannot ignore the advantage that being an effective presence in the digital environment will bring to their businesses. Especially during the Covid-19 pandemic, the importance of the internet and online advertising has increased even more. SMEs from many sectors have started to perform their advertisements in digital environments and have tried to reach consumers through social media, website, or mobile applications. Corporate websites are an area where businesses can reach all their target audiences in the digital environment, and where companies can increase their image and reputation, as well as being a place of sale, distribution channel, and marketing area where customer services take place. Well-designed websites also create a corporate image that has caught up with the era and follows the technology (Elden & Yeygel, 2006).

In addition to increasing the demand for online advertising, Covid-19 and the widespread use of the Internet has also developed e-commerce applications. During the pandemic period, serious progress and changes have been experienced in the field of e-commerce. With the emergence of e-commerce in the early 1990s and the increasing commercial pressure of internet technologies, free communication channels on the internet have begun to be affected by this situation (Previte & Forest, 1998). The rapid increase in web pages in the 1990s led to the emergence and spread of search engines (Evans, 2009). The publication of the first banner on the Hotwired.com site in 1994 launched online advertising. In the following years, the use of banners by companies has become a common advertising format on the Internet. The fact that Hotwired.com started showing banner ads is of great importance as it is a first in terms of commercial use of the internet (Altınbaşak & Karaca, 2009).

According to the research conducted by Millward Brown International shortly after the first banner was published, it was seen that banner display was very effective in terms of creating brand awareness (Altunbaş, 2001). It is possible to say that this effect created in the first years of online advertising continues over the years and as communication technologies and options increase.

Banners are graphic objects that are prepared in an advertising format and activated according to the actions of the users. It serves to establish a connection between the page on which the ad is published and the page of the advertiser. The purpose of the banner is to increase the efficiency of commercial activities by enabling online users to access the web pages directed by the advertising. Of course, the important thing in this regard is to attract the attention of the users. This situation, which is sometimes realized thanks to smart algorithms, can also be explained by the success of colour, typography, and design in general. Established standards for size and file size have been established for banner use in online advertising. While businesses may prefer immobile banners in the use of banner ads, they may also prefer animated banners in terms of attracting attention. In addition to banners, enriched advertisements (rich media), which can be audio, changing images, and even interactive, are also used on the edges of the pages on the internet. ‘Interstitial’ or ‘superstitial’, which is an example of enriched advertisements, are full-page advertisements that users come across while browsing the internet, and these advertisements are loaded on the screen by staying behind the window in which users browse (Çakır, 2004). The banner-like and very popular pop-up ad type is the type of ad that appears at the top of the page and independently when any web page is loaded. There is no standard in the dimensions of this new window that opens. The fact that the users go out against their will also causes this type of advertising to get a reaction from time to time.

Adoption of the Internet by SMEs

Rao et al. (2003) stated that SMEs’ website adoption depends primarily on the creation of a website and portal, then the integration and corporate integration of all transactions. Mehrtens et al. (2001) stated that three different factors for SMEs such as awareness of benefits, organizational readiness (financial and technical) and external pressure (from rivals and commercial firms) affect the adoption of online advertising. Lee (2004) stated that this situation in SMEs is related to compatibility, computer self-efficacy, innovativeness of the firm. In other words, Ifinedo (2011) stated that factors such as organizational information technology (IT) competence, “information system (IS) vendor support” and “availability of financial support” is important for SMEs to adopt internet technologies. As a result, SMEs must first adopt the internet to adopt internet advertising.

Adoption of Online Advertising by Small and Medium Enterprises

In studies on SMEs' adoption of the internet, it was stated that factors such as organizational readiness, perceived benefit and external pressure factors (Poon and Swatman, 1997; Mehrtens et al., 2001), and also business sector, owner's enthusiasm, and growth ambition, location are also effective (Poon & Swatman, 1999; Fillis et al., 2004; Mehrtens et al., 2001; Windrum & Berranger, 2002). Moreover, technology, organization, and external environment factors are mentioned in the adoption of ICTs (Tornatzky & Fleischer, 1990). Besides, it has been stated that firm size is also important in adopting ICTs (Lertwongsatien & Wongpinunwatana, 2003; Khemthong & Roberts, 2006).

Adoption of E-Marketing and E-Commerce by SMEs

E-marketing is of vital importance for SMEs. The purposes of SMEs to use e-marketing are generally for increased customer base and greater visibility. Also, e-marketing increases competitiveness, communication of goods, and services and provides cost savings (Kazungu et al., 2015).

There are some obstacles for SMEs to adopt e-marketing. There are obstacles in adopting e-marketing, such as understanding its potential limited, being costly, internet access problems, and lack of guidance (Kazungu et al., 2015). Also, among the obstacles by SMEs in e-marketing practice, high internet access and high access prices, ICTs, information and infrastructure barriers, lack of guidance can be mentioned (Kazungu et al. 2015). Therefore, SMEs must first adapt to e-commerce infrastructure, communication infrastructure (Purcell & Toland, 2004), and technology infrastructure (Kapurubandara, 2009; Olatokun & Kebonye, 2010). Then, SMEs need to provide the financial, pricing, and payment structure (Marshall et al., 2000; Purcell & Toland, 2004; Olatokun & Kebonye, 2010). It can be thought that SMEs' adoption of e-commerce has a close connection with their adoption of online advertising. In cases where SMEs do not have adequate infrastructure, neither e-commerce nor online advertising can be mentioned. It is inevitable for businesses that fulfill the requirements of transition from traditional methods to online methods to achieve success in both e-commerce and online advertising.

There are also some obstacles to the sustainability of SMEs. SMEs often fail due to a lack of marketing knowledge (Bruno & Leidecker, 1988). Lack of marketing knowledge causes serious problems in a competitive environment. The adoption of e-marketing has as much importance and impact on profitability as it is in achieving sustainable success (Matikiti et al., 2012). Furthermore, among the strategies to improve e-marketing, reducing the costs of ICTs and internet service providers, more information sharing, increasing the use of awareness programs, creating more network facilities, and training programs can be mentioned (Kazungu et al., 2015: 595).

Adoption of Online Advertising by SMEs

In the study of Heiligtag and Xu (2007), it was stated that there are some factors in the perception of internet advertising. These are relative advantage, compatibility, operating expenses, complexity, organizational size, top management support, organization innovativeness, and customer interaction.

It requires technical knowledge for SMEs to sustain their online advertising activities. SMEs can get support from advertising agencies to publish online advertisements. Technical knowledge and strategy are required to present prepared online advertising materials through the right media, at the right time, and with the right content. The fact that SMEs do not have sufficient knowledge about sales creation techniques on online platforms, methods of monitoring customer behaviour, and marketing strategies causes them to not obtain some opportunities. Advertising agencies collect some information through virtual communities in generating sales and follow the behaviour of potential customers and make evaluations. Also, advertising agencies develop marketing strategies according to the fields of activity of SMEs and cause an advantage in the competitive environment. In addition to applications that will attract the attention of potential customers, advertising agencies apply marketing and sales tactics in the stage of arousing desire and interest and finally mobilizing. When the correct planning, coordination, and application steps are not followed, it becomes difficult to obtain efficiency from the online ad.

Since advertising clutter is expressed as an obstacle in online advertising (Cho & Cheon, 2004), in the digital age, online ads should be carefully prepared by publishers to prevent ad clutter. High marketing performance and marketing ability of SMEs or advertising agencies are some of the criteria for success in online advertising (Carson & Gilmore, 2000; Marcolin et al., 2005; Simmons et al., 2008). Fulfilling these criteria will contribute to the prevention of ad clutter and decrease the error rate.

The negative impacts of Covid-19 on the economy were especially higher on SMEs. To prevent uncertainty and economic distress after Covid-19, some tax exemptions and credit support opportunities were provided within the scope of government incentives. However, SMEs is faced bigger problems in terms of sustainable growth and employment. SMEs have switched to the electronic environment to minimize the effects of Covid-19. SMEs are trying to reduce the effects of this extraordinary situation by adapting to e-commerce. Therefore, the need for e-commerce and online advertising is greater than before. However, the low potential to react to these extraordinary and changing environments, the weak flexibility, and the lack of entrepreneurial spirit slow down the adaptation and transition of SMEs to online environments. Considering that SMEs play a critical role in the growth of the economy (Jones et al., 2003), the transition to the online environment should be realized quickly in terms of sustainable growth and employment creation. Also,

lack of motivation (Cho & Cheon, 2004), not adopting new technologies, and not being aware of the benefits of innovation (Sutanonpaiboon & Pearson, 2006) can reduce the desire to adopt online advertising. This situation may cause difficulties in gaining competitive power in the market.

The other negative impact is budget sufficient. Budget sufficient, one of the biggest problems faced by SMEs, has led to the adoption of new technologies (Auger & Gallagher, 1997). These businesses also have online advertising expenses to pay to survive in the market, but this provides brand awareness at a relatively low cost (Gordon & Turner, 1997).

SOLUTIONS AND RECOMMENDATIONS

It is an important platform for businesses in the digital environment to have a website and to advertise and sell online through social media. Also, the measurability feature, which is one of the advantages of online advertising, enables the development of new strategies together with the data obtained from the customers. In this respect, a creative marketing process can be more effective in driving customers to long-term success.

Global impacts of the Covid-19 pandemic; although it can be seen with quarantine processes, social distance, and mask measures, it is possible to say that it will have economic, political, social, and cultural effects in the long term (He & Harris, 2020). It has been seen that many global brands emphasize social distance and staying at home in their logos or slogans during the Covid-19 pandemic. Process-compatible logo and slogan designs of brands such as McDonald's, Mercedes Benz, Volkswagen, Audi, Coca Cola are examples of this situation. SMEs have adapted to the pandemic by paying attention to hygienic conditions during the takeaway, offering contactless payment options, and gifting masks and disinfectants. With these marketing methods, they made good use of this process to reinforce the brand image and/or realize branding, which is one of the general purposes of advertising. It is known that the rate of staying at home and therefore spending time in digital environments has increased during the pandemic process. Thus, SMEs can increase their sales by easily announcing many campaigns such as discounts and offers to their target audiences via social media. In addition to these, it is also important for SMEs to use social media effectively and to give sponsored advertisements. Thus, it is aimed to reach larger audiences by determining the customer base. This is important in terms of increasing the awareness of businesses and ensuring that their marketing activities are efficient even without face to face.

This book chapter offers several recommendations to SMEs. SMEs need to choose the online platforms correctly when adopting the Internet, e-commerce and

e-marketing, and online advertising. SMEs should use marketing and sales strategies suitable for the target audience while performing online advertising activities on the platforms they will determine according to their target audience. This is a very important issue for online advertising to be efficient based on an effective communication channel.

FUTURE RESEARCH DIRECTIONS

Covid-19 is a challenging time that affects all enterprises at different scales. It has been possible for businesses that manage the ups and downs in this process, find solutions suitable for consumer needs and adapt to digital platforms, to manage this process more easily.

First, it is important to know large audiences, learn their interests and habits, and interact with these audiences at the right time, in the right place, with the right content. In this context, it is important to manage the use of e-commerce correctly. In line with the target audience population, mobile device, and internet usage, it will ensure the survival of the businesses that are related to site design and how to move forward in mobile.

Researchers who are considering working on this subject can conduct specific research to determine consumer needs in online platforms where SMEs meet with consumers. To create an easy shopping journey, it can be determined which digital platform interaction is efficient with the application criteria of important points such as fast delivery, exchange, and return guarantee. Differences between e-commerce applications for different sectors may change periodically. These differences between sectors can be determined during the Covid-19 period.

CONCLUSION

Covid-19, which has forced individuals all over the world to change their lifestyle and behaviour from their daily life to their social and working life, has allowed developing and expanding the usage areas of the digital world. In line with digitalization, changes have also emerged in the fields of advertising and marketing.

There are several barriers for SMEs to adapt to online advertising. First, it can be said that SMEs are not using the full potential of the Internet, e-commerce and e-marketing and online advertising. One of the most important reasons is that SMEs have to cope with financial obstacles due to not having sufficient budgets. Another reason is that SMEs do not have IT infrastructure and do not need Internet infrastructure due to their target audience. However, the emergence of a global epidemic such as

Covid-19 has brought with it several requirements. Changing marketing and sales methods and changing consumer behaviours have allowed SMEs to operate in the online environment. This situation, which we can evaluate as both an opportunity and a necessity, has generally accelerated the transition of SMEs to the Internet, e-commerce, and e-marketing and online advertising. In short, it can be said that Covid-19 has created an obligation for SMEs to keep up with the digital platform. With the positive side of this situation, it can be said that it is a favorable period for them to develop with the feedback they receive from loyal target audiences in digital environments and to reach more potential target audiences. Finally, since the economy will not be easy to revive in a short time after the pandemic is over, the challenges by SMEs seem to show their effect for a while after the pandemic.

In the digital age, the adoption of online advertising is very important for SMEs to achieve sustainable success and compete. The driving force, opportunity, and impact of Covid-19 have been the ability of SMEs to carry their activities online and carry out e-commerce activities. This adaptation process can be achieved successfully through relatively easy ways such as expert support from advertising agencies and publishers, and employing qualified personnel. The convenience provided by advertising agencies is not only with the preparation and management of the advertising message to be delivered to the right user at the right time, but also provides benefits in tracking customer behaviour, choosing the target market, and providing pricing strategies (Hanafizadeh & Behboudi, 2012).

Online advertising appears in many ways with the development of technology. Although there were concerns about the use of the internet for advertising purposes when the internet was first used, the use of the internet, which became widespread with the developing ICTs, led to the spread of online advertising. Differing from traditional media tools in many ways, online advertising has become very interesting for enterprises with its features such as having the ability to reach more people, determination of the target audience, the unlimited transmission of information, and the possibility of mutual interaction. However, with the Covid-19 pandemic, which is a worldwide pandemic, online advertising has become a requirement.

This book chapter has provided a general framework for SMEs' adoption of online advertising, especially with the Covid-19. Although the main purpose of this book chapter seems to be the adoption of online advertising by SMEs, the behaviours of these enterprises to adopt ICT, e-marketing, and e-commerce are also emphasized. Moreover, the impacts and opportunities of Covid-19 on SMEs were also evaluated. Therefore, it is thought that this chapter will make an important contribution to the literature.

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KEY TERMS AND DEFINITIONS

Advertising: Aims at promoting, selling, and appreciating the goods and services to attract more customers in an intensely competitive environment. Advertising,

which is included in the scope of marketing communication, tries to inform and persuade the consumer.

COVID-19 Pandemic Period: Has found out the role of digital communication in the changing and transforming world.

E-Marketing: Is of vital importance for SMEs. The purposes of SMEs to use e-marketing are generally for increased customer base and greater visibility. Also, e-marketing increases competitiveness, communication of goods, and services and provides cost savings.

Online Advertising: Is defined as content prepared by businesses for commercial purposes to inform consumers about a product or service on the internet.

SMEs: Can get support from advertising agencies to publish online advertisings. Technical knowledge and strategy are required to present prepared online advertising materials through the right media, at the right time and with the right content.

Chapter 10

Advertising in the Age of Ad-Blockers

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ABSTRACT

In the new VUCA (Volatile, Uncertain, Complex, and Ambiguous) world that consumers live in, there are new rules that will reshape all elements of advertising. Many shifts need to be studied and analyzed. These include issues such as consumer migration to the new on-line digital platforms, the changing consumer viewing behaviors, and interaction with content. Advertisers as well as advertising agencies are reshaping their business models and their understanding of the industry future. This chapter will explore the impact of technology, data proliferation, and omni-channel customer touchpoints on how organizations will manage advertising and consumer communication strategies. The author will review the opportunities provided by technology for advertisers to get insights about the digital-age consumer and the threats due to the control tools that consumers can use such as ad-blockers. This chapter will review the impact of ad-blockers on digital ad ecosystem and measures taken by advertisers to fight against them.

INTRODUCTION

In this rapidly changing Volatile, Uncertain, Complex and Ambiguous (VUCA) world new rules are reshaping the advertising landscape. Technology has played a crucial part in this aspect and has permanently changed the consumer buying behavior and the essence of marketing communication. It has helped firms and marketing agencies to identify various trends like who is more likely to buy, what

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are they more likely to buy, when are they more likely to buy and how are they more likely to buy. Those changes witnessed significant acceleration because of Covid-19. While the long-term mental and physical implications of the pandemic don't have yet clearly defined consequences, early signs indicate magnitude of changes that are expected to last a lifetime. For example in the US, 78% of consumers indicated that they were consuming more online services during the pandemic (PWC, 2021).

With the vaccination efforts accelerating globally, it is expected that the hybrid Online-to-Offline (O2O) models and the need for omni-channel communication will continue to grow. Consumers will value leaving home and having in-person experience but they will still value being connected with their mobile phones.

From the advertisers perspective, agility in directing and re-directing advertising spending to maximize the returns and to show outcomes is of significant importance post Covid-19. Scenario planning and agile monitoring of consumer behavior and advertising spending, are the new priorities for advertising executives. Increased use of data and technology (such as predictive analytics, artificial intelligence, machine learning, and programmatically supported advertising buying models) are the new normal in advertising . In this new world of digital advertising, marketers who take action have the opportunity to create a significant and sustained competitive advantage for their organizations. They can harness the following benefits (AIB 2021):

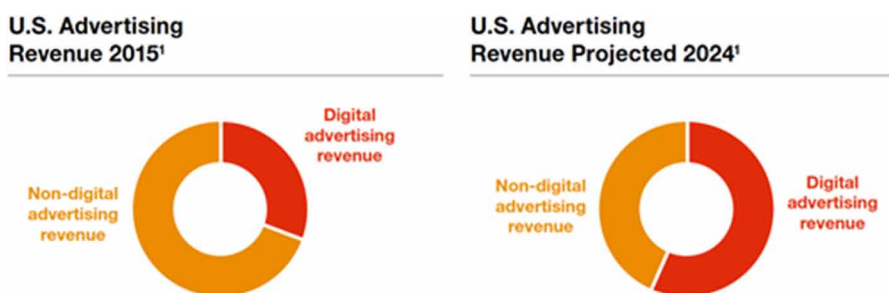
- Accelerate revenue growth
- Create personalized consumer experiences at scale
- Drive costs down
- Generate greater ROI on campaigns
- Get more actionable insights from marketing data
- Predict consumer needs and behaviors with greater accuracy
- Reduce time spent on repetitive, data-driven tasks
- Shorten the sales cycle
- Unlock greater value from marketing technologies

However, these developments in the advertising industry have resulted in many challenges. Today's consumer is not only better informed but is also better connected to the world. They no longer trust advertisements until or unless it's been endorsed by some credible source. Consequently, the proliferation of multi-national firms has brought several new challenges to the advertising world such as cultural relatability, technological exposure, and consumer perception. In addition to that, digitization has proved to be another factor that have drastically transformed the overall media, leading to increase investment in digital advertising.

Advertising in the Age of Ad-Blockers

One of the pandemic's overarching effects was accelerated digital transformation across the economy and society. This was coupled with increase in digital ad spending by 12.7% in 2020, while traditional ad spending witnessed a decline of 15.7% during the same period (eMarketer, 2021) . This trend is expected to continue with very positive long-term prospects for digital advertising. As shown in Figure 1 Digital Advertising revenue will overtake non-digital advertising by 2024 (PWC, 2021).

Figure 1. Digital vs. Non-digital Advertising Growth 2015-2024 (PWC, 2021)



According to e-marketeer total digital ad spending will reach \$455.30 billion in 2021. Of that, 55.2% will go to display advertising, and 40.2% will go to search. As recently as three years ago, the gap between display and search was only around 10 percentage points, but now it is 15, equating to \$68.12 billion more in spending for display than for search. Consumer shifts toward social media and digital video are accelerating the rise of display. Figure 2 provides data on digital ad spending between 2019 and 2024 (eMarketer, 2021)

U.S. advertisers, challenged to gain the attention of target consumers in an increasingly fragmented media environment, invested \$40.1 billion in personalized digital advertising in the first half of 2017, the highest level of spending on record, and a 23% increase over the same time period in 2016. It is forecasted that US digital ad spending will increase 25.5% in 2021, the fastest growth rate since 2018, as the ad market and wider economy continue recovering from the pandemic (eMarketer, 2021).

In the MENA (Middle East and North Africa) region where digital advertising market is still in nascent stages and is gradually gaining up the momentum to become a substantial contributor towards in the total MENA advertising Market. Figure 3 shows the split of Ad spending between different market segments and its growth between 2014 and 2019.

Figure 2. Digital Ad Spending Worldwide 2019-2024 (eMarketer, 2021)

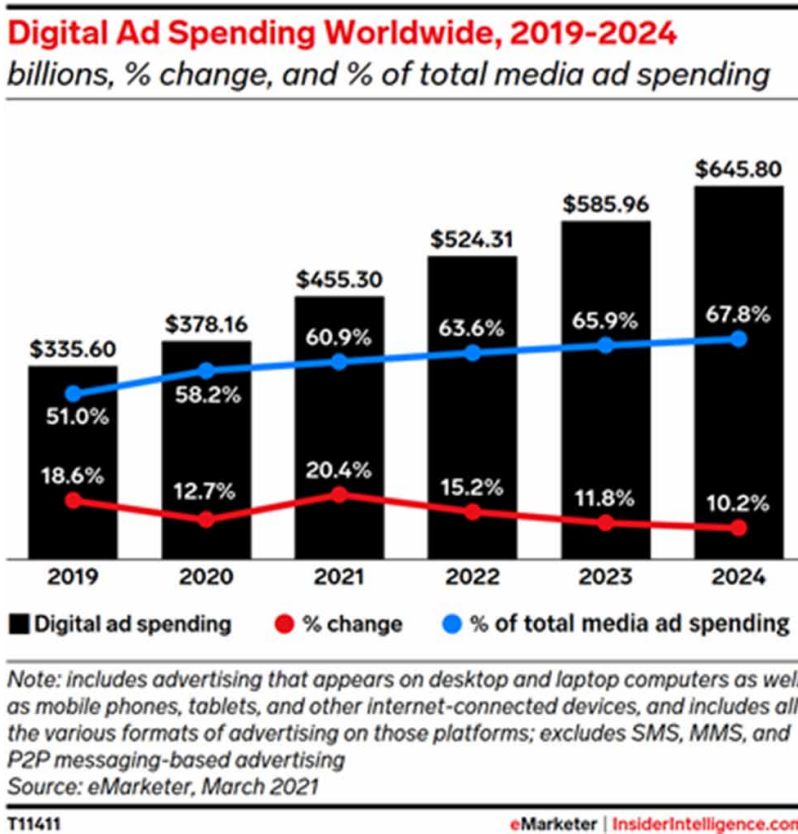
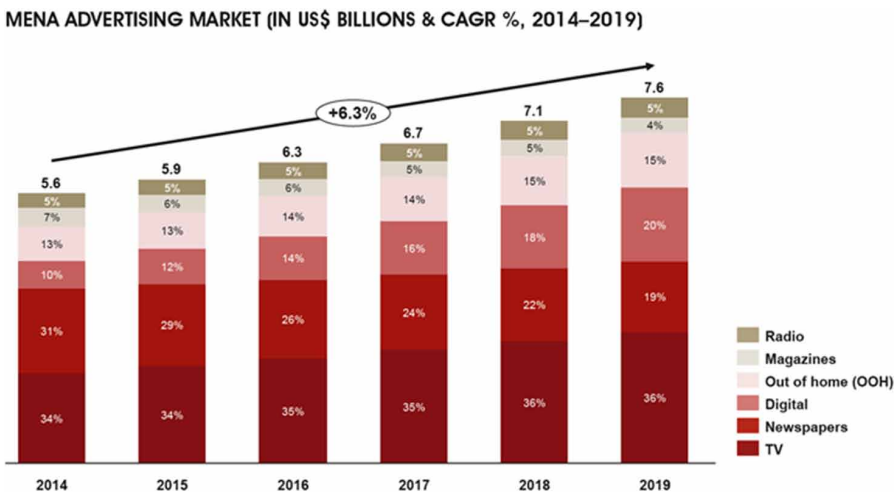


Figure 3. MENA Advertising Market



Digital advertising contribution towards MENA advertising market rises from 10% in 2014 to 20% in 2019. This trend indicates a dramatic shift of advertising from newspapers and magazines towards digital advertising channels. This accelerating change can prove to be quite profitable and unlock exciting opportunities for the marketers due to the availability of high-quality ad platforms and capabilities in the region. Leveraging on these opportunities will open whole new avenues for the advertising agencies in the Middle East to deliver personalized and most compelling content to drive greater value and be part of the future advertising phenomenon.

Digital Ads provide marketers the benefit of reducing their spending on ads that might be wasted on audiences who have no interest in their products or services, and consumers benefit by encountering advertising messages they find to be more relevant and interesting. According to research results on digital ads in Egypt almost 53% of the respondents stated that they find online ads to be non-enjoyable.

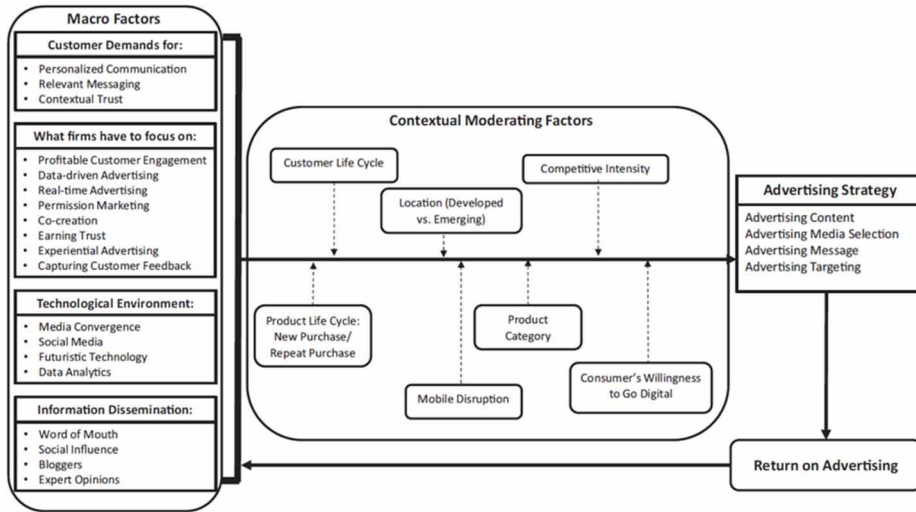
On the other side, Ad blocker proliferation is on the rise. This threatens the digital ad revenue streams and raises concerns about the viability of digital advertising as a whole. Ad Blockers promise to remove all unsolicited advertisements on a web-site at no cost to the user (O'Neal 2016). For online service providers and advertisers, these proliferating ad blockers reduce the number of reachable consumers, increase the cost of effective ads, and renew fears about "The death of advertising" (Dahlen and Rosengren 2016; O'Neal 2016; Rust and Oliver 1994). In the last quarter of 2019, there were 763.5 million AdBlock users worldwide. This number includes users of desktop AdBlock plugins, desktop AdBlock browsers, and mobile ad block browsers (Statista, 2021).

Although industry initiatives have increasingly aimed to mitigate ad blocking, surprisingly little research addresses the problem. It remains largely unknown which factors drive ad blocking or help unblocking or "whitelisting" of select websites.

BACKGROUND

The work by Kumar and Gupta (2016) proposed an integrated framework for the Future of Advertising. It combined different factors related to customers, firms, data resources and technological environment and their collective impact on advertising strategy. In other words, these factors address what consumers want from the advertising communication, what firms should prioritize when devising their future advertising strategies, how technology and data will impact the future of advertising and finally how data will pave a way for disruptive technologies to transform the advertising landscape. All these factors will mutually affect the advertising strategy comprising of advertising channels, advertising content and advertising targeting.

Figure 4. Integrated framework of future of Advertising (Kumar & Gupta, 2016)



As shown in Figure 4 there are some contextual moderating factors that link the macro factors with firms future advertising strategy. These include Customer Life Cycle, Product life cycle, location, mobile disruption, product category, competitive intensity and customer willingness. The framework further goes on to elaborate how firms should be able to track the success of their advertising strategies based on several key elements such as advertising content, advertising media selection, advertising message and advertising targeting. This very complex advertising eco-system have led to increase in the level of interest in the issues of targeted advertisements, personalization, relevance and their impact on maximizing the Return on Advertising spending.

At the heart of this future advertising eco-system are two critical issues; the use of online behavioral advertising (OBA) by advertising networks (i.e., companies that serves advertising on thousands of websites) and the use of Ad Blockers by consumers. This section will highlight some models that study those phenomena and their theoretical foundations.

Online Behavioral Advertising (OBA)

There are many definitions of OBA, which is also called “online profiling” and “behavioral targeting” (Bennett 2011). Examples include “adjusting advertisements to previous online surfing behavior” (Smit, Van Noort, and Voorveld 2014), “a technology-driven advertising personalization method that enables advertisers to

deliver highly relevant ad messages to individuals” (Ham and Nelson 2016), and “the practice of collecting data about an individual’s online activities for use in selecting which advertisement to display” (McDonald and Cranor 2010). These definitions and others have two common features: (1) the monitoring or tracking of consumers’ online behavior and (2) use of the collected data to individually target ads. Therefore, Boerman, et al. (2017) defined OBA as the practice of monitoring people’s online behavior and using the collected information to show people individually targeted advertisements.

In a simple example of OBA, an advertising network tracks a consumer’s website visits. If a consumer visits several websites about cars, the network assumes the consumer is interested in cars. The network can then display ads for cars only to people (presumed to be) interested in cars. Consequently, when two people visit the same website at the same time, one may see car ads while the other (who had visited websites about furniture) may see furniture ads.

Online behavior can include web browsing data, search histories, media consumption data (e.g., videos watched), app use data, purchases, click-through responses to ads, and communication content, such as what people write in e-mails (e.g., via Gmail) or post on social networking sites (Zuiderveen Borgesius 2015). Currently, behavioral targeting mostly occurs when using computers or smartphones, but the borders between offline and online are fading. Phrases such as the Internet of Things (IoT), ubiquitous computing, and ambient intelligence (Aarts and Wichert 2009) have been used to describe such developments. If objects are connected to the Internet, companies could use the data collected through those objects for OBA.

OBA differs from other types of online advertising because it aims at personal relevance, which often happens covertly. Similar to other forms of personalized advertising, such as location-based advertising (e.g., Ketelaar et al. 2017) and ads that include people’s names (Bang and Wojdyski 2016), OBA uses personal information to tailor ads in such a way that they are perceived as more personally relevant. A new dimension to this personalization is the fact that the tracking of online activities, collection of behavioral data, and dissemination of information often happen covertly (Ham and Nelson 2016; Nill and Aalberts 2014). This covertness may be harmful and unethical, as consumers are unaware of the persuasion mechanisms that entail OBA; it has led to a call for transparency. A study by PWC/IAB in 2021 about the Digital ad Ecosystem found that 76% of global consumers think that sharing personal information with companies is a necessary evil, and 36% say they are less comfortable sharing their information now that they were a year ago. Although advertisers can benefit from OBA, the practice also raises concerns about privacy. Therefore, OBA has received much attention from advertisers, consumers, policymakers, and scholars.

Figure 5. Consumer Attitude Towards Data Sharing (PWC, 2021)

Data sharing¹

76%

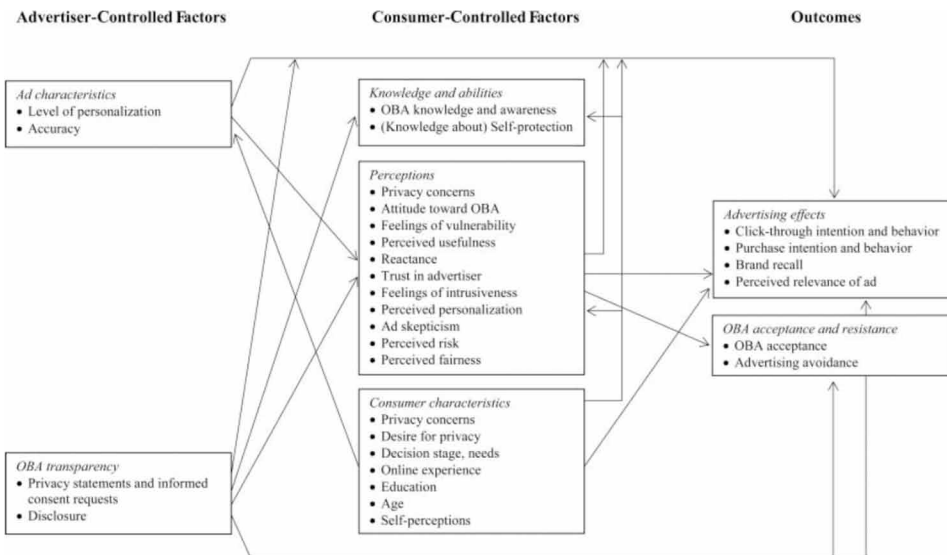
of global consumers indicate they think “sharing my personal information with companies is a necessary evil in today’s modern economy.”

36%

of consumers say they are less comfortable sharing their information now than they were a year ago.

Boerman et al. (2017) proposed the following integrated framework for OBA, it covered the relationship between Advertisers-Controlled Factors (Ad Characteristics, and OBA transparency), Consumer-Controlled Factors (Knowledge and Abilities, Perceptions, and Consumer Characteristics), and Outcomes (Advertising Effects, OBA Acceptance and Resistance), see Figure 6.

Figure 6. Integrated framework for Online Behavioral Advertising (OBA) (Boerman et al., 2017)

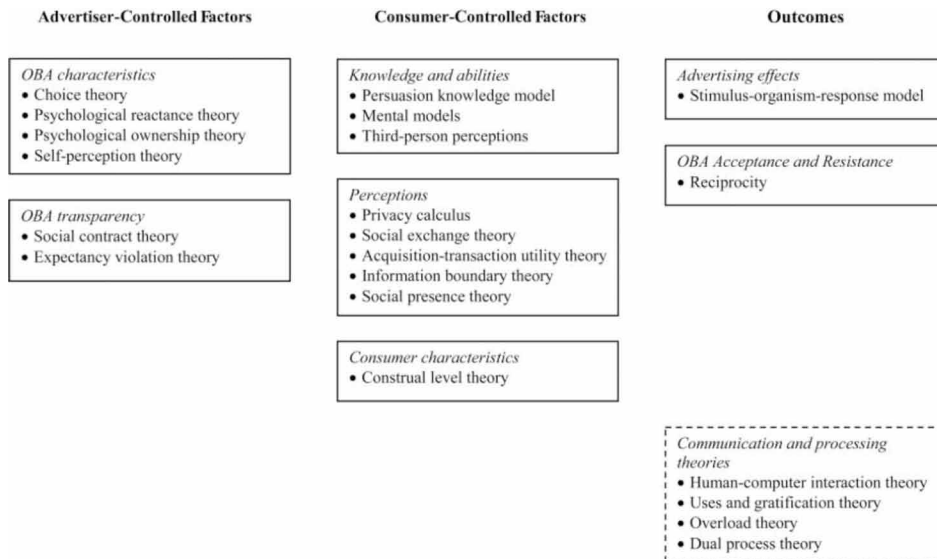


The proposed model and comprehensive literature review provided in the article made clear links between the framework components and different theories as shown in Figure 7. They covered 21 theories and models to demonstrate the strong

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theoretical position of OBA. This included for example, the Choice Theory, the Psychological Reactance Theory (PRT), the Expectation Violation Theory, the Persuasion Knowledge Model, the Stimulus-Organism-Response Model, etc.

Figure 7. Overview of Theoretical Foundations for OBA (Boerman et al., 2017)

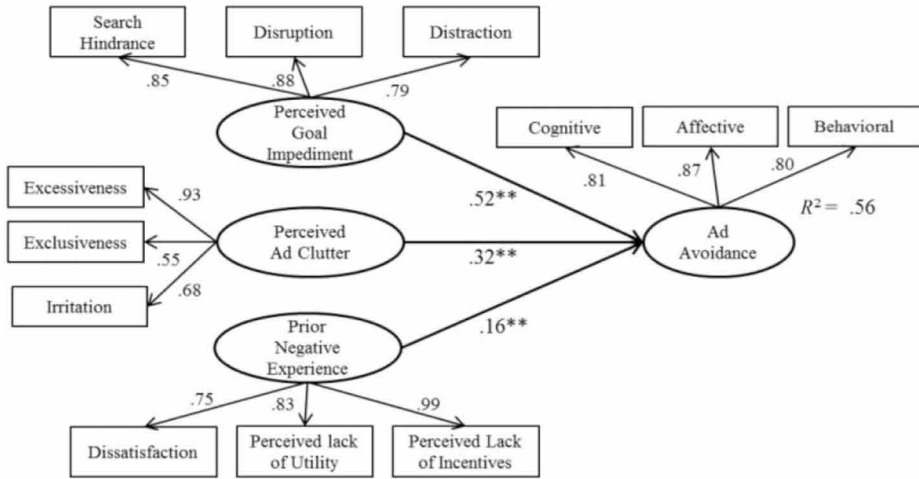


Advertising Avoidance and Ad Blocking

In 2004, Cho and Cheon developed and tested a comprehensive model for advertising avoidance on the Internet. The model specifically examined the relationship of Perceived Goal Impediment (including Search Hindrance, Disruption, and Distraction), Perceived Ad Clutter (including Excessiveness, Exclusiveness, and Irritation) and Prior Negative Experience (including Dissatisfaction, Perceived Lack of Utility, and Perceived Lack of Incentives) with Ad Avoidance (including Cognitive, Affective and Behavioral). Behavioral advertising avoidance means leaving a website to escape the advertisements; cognitive avoidance means that the user learns to ignore advertising; and installing ad blockers is a form of mechanical advertising avoidance (Seyedghorban, et al., 2016).

The model was later on tested by many researchers and proved its high level of validity and reliability.

Figure 8. Model for Advertising Avoidance on the Internet (Cho & Cheon, 2004)



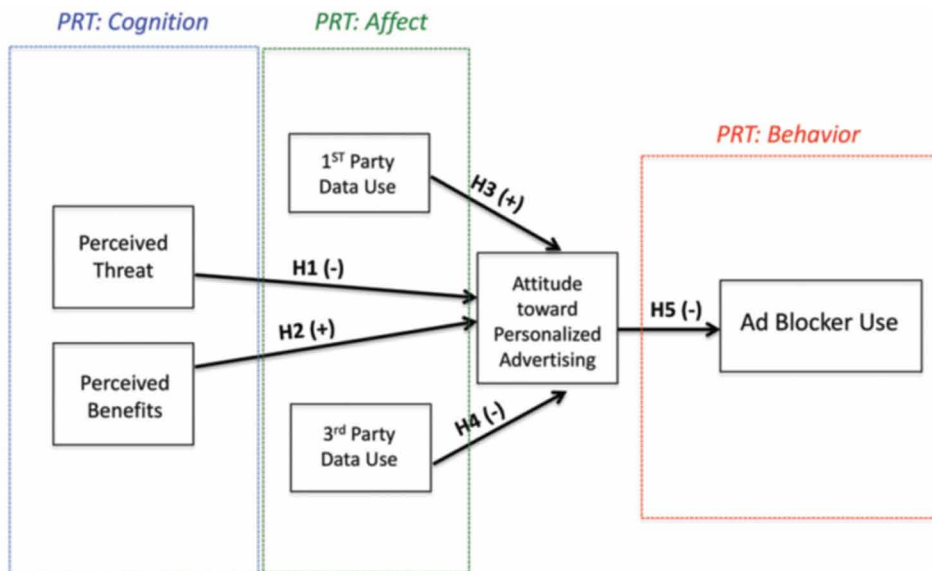
Brinsona, et al. (2018) proposed and tested a Personalized Advertising Reactance model based on the Psychological Reactance Theory (PRT) to understand the shift in consumer attitudes towards Penalized Advertising and behaviors towards the use of Ad Blockers. The model tested the effect of privacy-related threats, along with benefits rooted in relevance and rewards on consumer attitude towards personalized advertising, and tested the moderating effect of the type of data being used to personalize advertising messages. The cognition, affect and behavior stages and their associated variables are shown in Figure 9.

Respondents indicated their negative perceptions about the use of third-party data by advertisers, although not significantly. As demonstrated by previous research (e.g., Bilbao-Osorio, et al., 2014), consumers are becoming increasingly aware of the existence of third-party data brokers who covertly aggregate their personal information from multiple sources and sell it to marketers, and they are not particularly receptive to messages delivered to them based on these data—partly because the quality of these data is unreliable (leading to the potential for inaccurate assumptions on the part of these marketers), but also because consumers do not have an established relationship with these third-party senders, which can trigger privacy concerns (Aguirre et al. 2015).

Conversely, the use of first-party data (derived from an overt relationship with a company) to target individuals with personalized messaging does not trigger the same type of negative response. The positive relationship between first-party data use and attitude toward personalized advertising was not only significant but was markedly different from perceptions about third-party data use. This finding is

supported by previous research showing that an established relationship between the consumer and the message sender is key to personalized advertising receptiveness, even if that relationship is not overly positive

Figure 9. Personalized Advertising Reactance Model (Brinsona, et al., 2018)



MAIN FOCUS OF THE CHAPTER

Issues, Controversies, Problems

In the near future the ads will be increasingly focused on the consumer, offering more personalized, targeted, and valuable experience since the consumers will be looking for more value. In order to create this value, the future of advertising needs to be about content and figuring out a way to deliver advertiser message in the most compelling content while at the same time serving consumer needs.

However, at the same time a drastic change in how the ads are being delivered will be seen. Advertising delivery will take an omni-channel, screen agnostic approach allowing the ad offering to be integrated across different media channels and allowing publishers to look at media from more synergetic place in terms of what is it offering. In order to achieve these objectives, for most of the marketers the change begins with a new innovative advertising business model which offers

a comprehensive omni-channel approach to digital advertising and will drive more personalized and effective marketing.

Previous research study conducted by Accenture indicates business model to be a major barrier to address converged digital and traditional ads. In other words, the current business model for most companies isn't effective and fail to achieve the perceived ROI, and the price versus the cost ratio isn't good enough to ensure profitability.

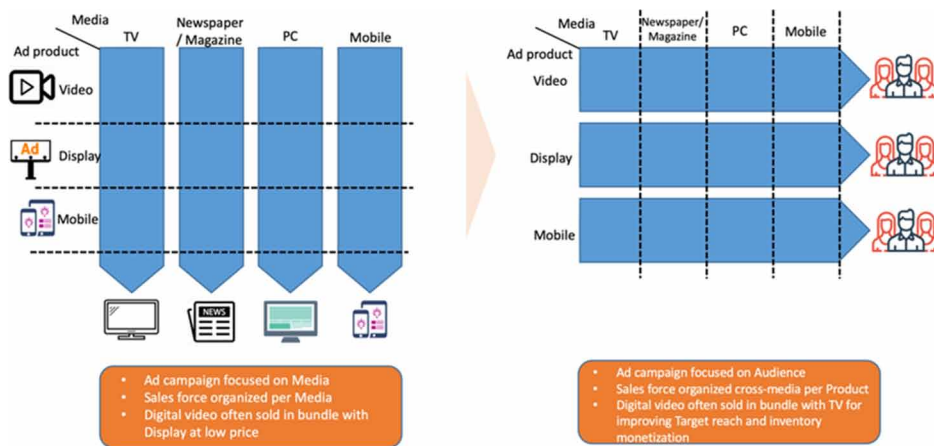
Figure 10. A Comprehensive Omni-channel Approach to Digital Advertising (McMahon, et al., 2016)



Figure 10 shows a new comprehensive omni-channel approach to digital advertising in order to drive effective marketing. The new business model comprises of two phases, the exploration phase and the engagement phase. In the exploration phase marketers gather a variety customer data from all available channels in order to draw new insights. In the engagement phase marketers turn customer data into actionable insights by delivering the personalized message to customer through the best possible channel. The application of this new model might look different for every company, but every business model will include the same common four elements (integration and understanding, analysis and discovery, actions and optimization, execution and delivery). The only distinguishing factor will be how one company distinguish itself from the other. The author can think about these elements as part of a spectrum. How a company choose to emphasize each element across the spectrum will make its business model distinct and future proof. Moreover, organizational changes and technology will play an integral role in bringing this business model to life.

Organization Change. In the future marketers need to break down the organization siloes that reduces the effectiveness of digital advertising. The new convergent organization can make it possible to deliver targeted content focused on the audience instead of focusing on the media. Figure 11 shows how organization can enhance the digital ad effectiveness through targeted approach. For example, each ad product which include video, display and mobile will target a specific group of consumers based on their preferences. In order to make it work the Digital-Assisted marketing teams possessing digital skills-especially customer analytics, web analytics and marketing analytics will be critical to the success of the new organization.

Figure 11. Breaking Down Silos to Enhance Digital Ad Effectiveness (McMahon, et al., 2016)



Technology Change. Technology change will rest on three key areas namely: data analytics, sales force automation and system integration. Majority of the organizations need to develop a centralized database to manage consumer data and build analytical capabilities to draw insights from the data. In addition, tighter system integration will enhance the sales force effectiveness to a great extent and will allow companies to streamline the workflows and improve their decision making regarding where and how to place their ads to generate the greatest return on investment (ROI).

Ad-Blockers: A Formidable Threat to Digital Advertising

Although the new wave of digitization offers incredible amount of opportunities for the digital marketers however, in order to realize these opportunities marketers, have to overcome serious roAdBlock in the form of Ad-Blocker which pose significant

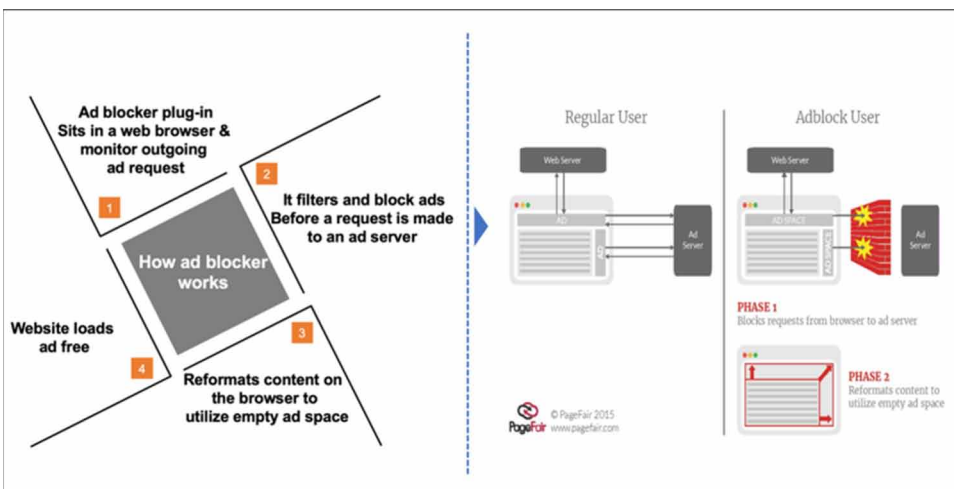
threat to their digital marketing strategies and revenues. This section will outline how the ad-blockers work, its impact on display advertising and will provide recommendations to address ad-blocking issues.

Ad blocking is defined as a form of advertising avoidance, an action that users take to reduce their exposure to advertising content (Speck and Elliott 1997). Advertising avoidance is prevalent in all media, not only on the Internet (Sonnac 2000), and it increases when ads distract consumers from achieving their goal in using the medium (i.e., information or transaction goal; Cho and Cheon 2004).

Working Principle of AdBlock Technology

As the name suggest ad blockers offer the capabilities to prevent ads from displaying on the consumer browser. The state of intent behind the development of ad-blocker is to enable the user surf the web without annoying ads. Ad blocker is typically implemented as a plugin or browser extension. Majority of the ad-blockers has similar working principle. When the web page is being loaded by the web browser whose task is to request all elements of the website to be displayed including ads. But since the advertisements are contained in additional files, which are requested only after the webpage with other content is loaded. Meanwhile AdBlocker checks all the elements and block the ones which contain advertisement. One of the popular methods utilized by ad-blocker to blocks ads is to compare each request with the updated list of advertiser server addresses (Rudneva, 2017). Another popular approach is to filter and blocking web pages that contain URL with specific key words like

Figure 12. How AdBlockers work (Kudryavtseva, 2017)



ad, click. This approach is less effective since there is a loop hole for the publishers to use different words. Figure 12 illustrates the working principle of AdBlocker.

Impact of Ad-Blockers on Digital Advertising

As indicated earlier, Ad-blockers are considered as a major threat for digital marketing and severely threatens to disrupt the entire ad ecosystem and pose serious threat to the revenues of publishers and broadcasters. Publishers view ad blocking as a form of “content theft.” A growing number of consumers (more than 615 million worldwide) choosing to install ad-blocking software on their computers and mobile devices. As a result, U.S. publishers and advertisers estimate that ad blockers cost them more than \$28 billion in revenue in the first half of 2017, and this figure is forecast to exceed \$35 billion by 2020.

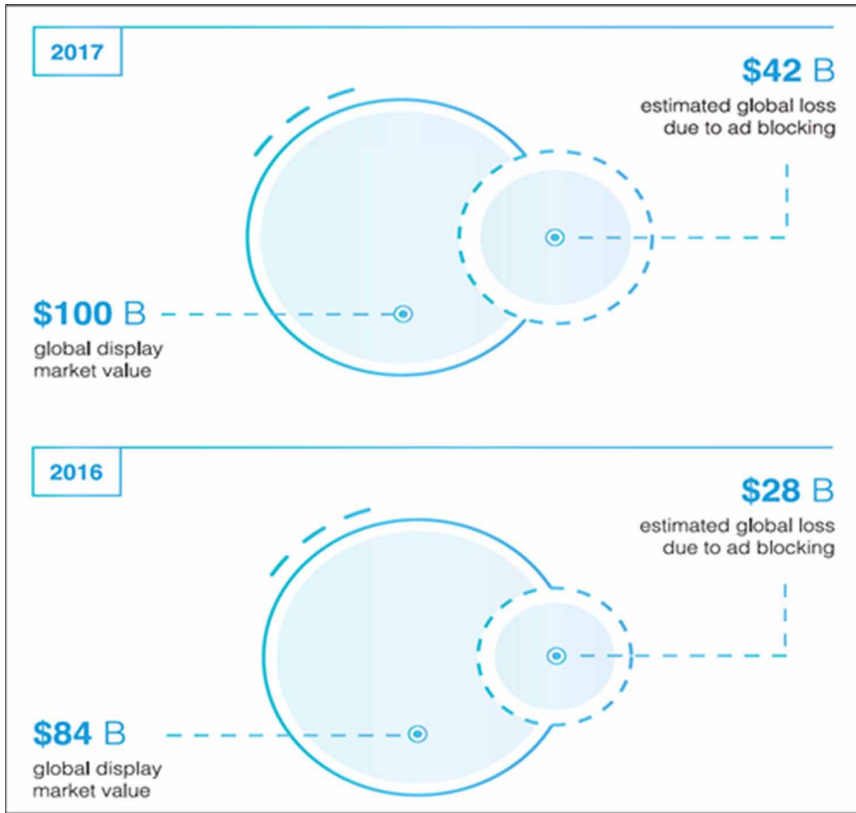
A Study published by Page Fair in 2020 (Blockthrough, 2020) reported that “there are at least 763 Million people blocking ads on smartphones worldwide, that equates to a staggering figure of nearly 21% of the world smartphone population having an ad block browser installed on their smartphones. The number of people using Ad Blockers on their mobile phones witnessed a 64% increase from December 2016 to December 2019. Also, 236 Million people were blocking ads on their desktops, a 16% decline from 2016 to 2019.

Similar trend can be seen among the people in Egypt where almost 40% of the respondents use ad-blockers on their smartphones, which is second highest after laptop at 44%. This threat will continue to grow among digital marketers in the MENA region as well. A survey conducted by researchers in Egypt indicated that although only 24% of the respondents currently use ad blockers almost 72% of the respondents showed greater amount of interest in using ad blockers. Within 24% of the respondents who use ad-blockers, almost 76% of those use ad-block as their AdBlocker followed by AdBlocker plus and adware by 18% and 6% of the respondents respectively.

Similarly, in 2016 ad-blockers drained \$41 billion dollar of global ad-spend (Flanagan, 2015). The study carried out by Malloy and McNamara (2016) aimed to assess the global prevalence and impact of ad-blockers by utilizing unique data gathering assets. The key findings of their study can be summarized below:

- 1) about 18% of the user in the US and about 37% of the users in other key geographies have installed ad-blocker.
- 2) Ad-block plus is the most widely used ad-blocker.
- 3) Monthly revenue lost due to an ad-blocker on 10 large publishers websites falls within the range of \$3.9M and \$120M. The figure below shows the impact of AdBlockers on display advertising

Figure 13. Impact of AdBlockers on Display Advertising (OnAudience.com, 2017)



Reasons for Widespread of Ad-Blockers

Consumers try to avoid advertising (Danaher 1995; Speck and Elliott 1997) because the ads disrupt their user experience (Goldstein et al. 2014), annoy them (Ghose, Singh, and Todri 2017), and raise privacy concerns (Goldfarb and Tucker 2012). In addition Cortland (2017), indicated that users cite interruptive ad formats and growing privacy concerns as the leading motivations for installing ad-blocking software. In Addition, benefits provided by ad blockers include improved performance and speed, use of less bandwidth (by not downloading ads), and avoidance of risks presented by ads that may infect devices with malware (Parra-Arnau, Achara, and Castelluccia 2017).

Majority of the consumers use ad-blockers to block obscure, obscene and intrusive ads. Consumer is particularly annoyed when the content he is watching is interrupted by advertisement. Privacy issue is the major concern that leads to consumer using AdBlocker. Primary concern related to privacy arises when the tailored

Advertising in the Age of Ad-Blockers

advertisement request for personal information such as location, demographics or habits. The consumers don't feel comfortable yet and feel threatened with offering this information and hence opt to block these ads. Security is another major area of concern for the consumer when it comes to using ad-blockers. Most of the users are aware that third-party tags may contain malware and can lead to fraud and identity theft. Some user block ads in order for the web pages to load faster. This aspect is debatable with some researchers pointing out no co-relation between advertisement and web page load time while the others pointing out the web-page load times reduced to almost half with ad-blocker installed. In this respect it might be due to the fact that advertisement are normally large files which take more time to load hence increasing the loading time of the web browser.

Consumers also reported using ad blockers to evade uninteresting or irrelevant advertising. Irrelevant content is a known problem for advertisers, which in theory could be solved with better targeting (Goldfarb and Tucker 2011). However, better targeting may increase the perceived obtrusiveness of online advertising and raise privacy concerns (Ghose, Singh, and Todri 2017)—stated as the reason for 7% of consumers to use AdBlockers. Research results suggest that offering “more useful” or “more discreet” ads would each more than double the odds that the user would selectively turn off an ad blocker for up to 15% of the respondents. It should be noted, however, that 42% of respondents who use ad blockers would “never” unblock and actually demonstrate halved odds for selective unblocking, even compared with the baseline respondent.

A study by Söllner and Dost (2019) studied 1,634 ad-block users and summarized the Reasons to use ad blockers in the following list:

1. Annoying ads
2. Ads disturbs user flow
3. Uninteresting ads
4. Unwanted manipulative influence
5. Privacy concerns
6. Unwanted offensive or erotic offers
7. Ads increase data volume
8. Fear of virus

A recent survey conducted by researcher in Egypt highlighted some key insights related to the reason of people using ad blockers:

- Almost 25% of the respondents use ad blockers because they find ads to be quite annoying and irrelevant

- Almost 20% of these respondents stated that they use ad-blockers as a protection against viruses and bugs that are embedded within online ads as almost 50% of the respondents stated that online ads contain viruses which threaten the security of their device
- Almost 15% of the respondents stated that one of the key reasons for using the ad-blocker is to block intrusive ads, and similar number of people stated that they use ad-blockers because ads take up quite a lot screen real estate
- In addition, to that almost 10% of the respondents stated that they use ad-blockers as they need to reduce the time it takes to load a webpage due to online ads

STRATEGIES TO FIGHT AGAINST AD BLOCKS

As the author have outlined in the impact analysis of ad-blockers that it significantly reduces the revenue of the advertisers hence, publishers need to take measures to stop people from using ad-blockers. There are several approaches which can be exercised to get around ad blockers.

One of the friendly ways to counter ad-blockers is to change the code but it still isn't effective since the ad-blockers adapt to these changes. Another method employed by publishers is to embed the advertisement within the content so that it will not be blocked by the AdBlocker. These kinds of ads are referred to native ads and can be seen frequently on websites like yahoo, CNN where the ad experience follows the natural form and function of the user experience. The work carried out by Wojdyski and Golan (2016) carried out empirical examination of key issues related to native advertising and aims to promote future research on native advertising and its theoretical and practical implications.

Another way is to politely ask the user to disable ad-blocks. Publishers can educate the users about the downside of ad-blocking with it significantly affecting their revenues. In 2019, Söllner and Dost conducted a field experiment with 294,331 German users to test whether banner appeals can reduce ad blocking. The results show that these appeals reduce ad blocking among 1% of the ad blocker users, and among frequent visitors who encounter repeated banner appeals, this percentage increases to 2%. However, repeated banners also lead to fewer website visits of users not conforming to the appeal, which suggests a trade-off between reducing ad blocking among some users and further increasing avoidance behaviors among others. Directly appealed to their users to selectively unblock the focal website. This approach does not aim to reduce advertising avoidance; rather, its goal is to increase advertising acceptance. Schumann, et al. (2014) appeal to users of a news portal that "Your support is required! Our service is free of charge for you—Targeted

advertisements help us fund it” and observe increased measures of ad acceptance. They also report anecdotal evidence from the German information technology news website golem.de, which achieved a 25% reduction in ad blocking using such an appeal. Such reports suggest that appeals could reduce ad blocker use (increase selective unblocking).

When surveying other websites for currently used appeals, we found examples relating to two types: serious appeals, which invoked reciprocity and explained the business model, and more emotional appeals, which used a lighter tone by humorously addressing the ad blocker issue. When surveying other websites for currently used appeals, we found examples relating to two types: serious appeals, which invoked reciprocity and explained the business model, and more emotional appeals, which used a lighter tone by humorously addressing the ad blocker issue. This strategy can reap some benefits as according to a survey conducted in Egypt almost 25% of the respondents agree with this idea of asking permission to disable ad blockers

Another strategy is the idea of more qualified leads advertising where the user themselves make a request of what kind of advertisement they are interested in and the advertisers compete to target the specific needs of the user. One of the choices for the publishers is to move their advertisement within the mobile apps since the ad-blockers are currently not as effective in native app environment. Increasing transparency around consumer data collection and privacy will help reduce consumer concerns when it comes to protection of their information.

Another possible approach of avoiding ad-blockers is to implement new technologies that will allow the ads to appear even though the ad-blocker is enabled. Almost 47% of the respondents who participated in the survey, conducted in Egypt were in view of using new technology to counter an ad-blocker. There are numerous techniques to do this such as code obfuscation, using proxies and changing IPs and domain names.

Söllner and Dost (2019) summarized the following conditions for unblocking:

1. Less disruptive ads
2. More discreet ads
3. Useful ads
4. To support the company
5. In return for benefits
6. More secure ads

Consumers have mixed attitude and reactions to personalized Online Behavioral Advertising (OBA) and they exhibit growing interest in protecting their privacy (Smit, Van Noort, and Voorveld 2014), such as by clearing their browsing histories or installing ad blockers. In addition, Schaub et al. (2016) found that popular extensions

(e.g., Ghostery, DoNotTrackMe, and Disconnect) can increase consumers' privacy awareness.

One such example is the OBA icon. Adding some descriptive information to the icon might help consumers understand that an ad is based on their personal online behavior (Leon, et al., 2012). Moreover, transparency can positively influence consumers' perceptions of OBA and ad effectiveness and thus mostly benefits advertisers. More investigation is needed to determine which transparency approach could be effective in truly increasing OBA knowledge.

Hence, to counter the proliferation of ad blockers maintain advertising revenue streams, current industry initiatives are aimed to mitigate the most disruptive and annoying aspects of online advertising. Initiatives such as LEAN (Light, Encrypted, Ad choices support, Noninvasive/nondisruptive) aim at improving advertisements' value to the viewer and minimizing interruption of the user flow (Cho and Cheon 2004; Li, Edwards, and Lee 2002). Although not yet a mandated requirement, these guidelines suggest limiting ad file size, restricting data usage, and assuring user choice and data security.

Another industry initiative - the IAB'S new DEAL process (Detect, Explain, Ask, and Lift or Limit) - is designed to help publishers apply appropriate tactics to address ad blocking based on their relationship with the audience. To date, none of these strategies has been overly successful. Subscription rates for the top U.S. publishers barely tops 7% (Herrman 2016); and among ad-blocker users surveyed by Cortland (2017), 90% report that when encountering an ad-block wall that prevented them from viewing content on a publisher's website, 74% said they typically abandon the site rather than performing the steps required to allow the publisher to serve them ads (known as "whitelisting").

Other options being explored by publishers include offering subscription-based access for those who do not wish to receive personalized ads, and limiting or blocking content to users who have ad-blocking software installed. Advertisers should consider the level of personalization. Ads perceived to be too personal can seem intrusive and lower click-through rates and purchases. In addition, advertisers should be transparent. Overtly informing people about the collection and use of data to personalize ads can benefit the response and outcomes of OBA. Furthermore, OBA may not be beneficial in every situation or audience. OBA seems to have the most positive outcomes for people who are younger, have high levels of online experience, have low levels of privacy concerns, and have narrowly construed preferences.

However, it is unknown whether and how many ad blocker users would even consider turning off their ad blockers in response to less disruptive ads.

Finally, policymakers around the world have taken an interest in OBA (e.g., Article 29 Data Protection Working Party 2010; FTC 2012; Hong Kong Office of

the Privacy Commissioner for Personal Data 2014; Office of the Australian Privacy Commissioner 2011). Data privacy laws vary from country to country.

Futuristic Advertising Strategy

In order to formulate and realize the advertising strategy of the future, organizations need to look into greater detail the following three macro factors namely; Customers' Demands, Advertisers Priorities, and Technological Advancements that will significantly determine the future of advertising strategy.

1. Customer Demands

Personalized Communication. The recent advancement in digital technologies have evolved customer expectations for relevant messaging as they seek customized communication designed to address their specific needs. Ansari and Mela (2003) developed a statistical and optimization approach for customization of information on the internet. Clickstream data from the most trafficked websites was used as an input and the model was applied to the context of permission-based email marketing, in which the main objective is to customize the e-mail content in order to generate more traffic. The results revealed that content targeting approach can potentially increase the number of clicks by 62%. These results suggest that personalized communication is quite helpful for the firms as it accelerates the customer decision making process and increase the likelihood of consumer purchasing the product or vying for service. It is needless to say that customers truly value personalized communication as it is worth their time and effort. With an increasing availability of detailed customer data, the future of advertising will see more personalized communication within industry and markets. When Ads are personalized 23% of consumers in Egypt found Ads to be useful to them. This of course need to be balanced with the consumer concern discussed earlier about their privacy... don't over personalize.

Relevant Messaging. Today brands try to seize every opportunity to broadcast their message to the consumer with the hope that consumer will not only become familiar with the brand but will also make a purchase. Unfortunately, most of these efforts didn't achieve substantial results due to the irrelevance of the message and pose a significant threat to the effectiveness of advertising. Baker and Lutz (2000) developed relevance-accessibility model that provides the framework to study advertising effects on brand choice. The model predicts that advertising is most likely to influence brand choice when advertising message is most relevant and accessible. It further emphasizes on the fact that advertising is lot more effective when it matches up with the information that the consumer is looking for. Hence,

the advertising message needs to be increasingly targeted and relevant in order to be effective and achieve the desired outcome.

2. Advertisers' Priorities

Profitable Customer engagement. In recent times firms have realized the importance of having a profitable customer base instead of large customer base. This has enabled the companies to shift from sales-centric philosophy to engagement centric that relies on maintaining lasting relationship with the customer. In the future firms need to shift their advertising focus towards building a profitable customer engagement which will tremendously enhance their profitability and customer engagement value.

Data Driven Advertising. The growing consumer demand to offer personalized services has rendered data to achieve the status of most valuable currency or “New Oil”. As a result, firms are now quickly adopting smart data management techniques to help them collect and analyze large chunks of data and draw actionable insights. The next wave of digital marketing is perceived to be Predictive with Artificial Intelligence emerging as a key in driving innovation in marketing. According to the survey commissioned by Forrester consulting, 84% of the marketer and agencies want to achieve marketing that learns and optimizes from each interaction with a customer (Forrester Research, 2020). The survey highlights the five fundamentals that will drive the future of predictive data-driven marketing:

- **Customer Recognition.** Today customers use multiple devices and it is quite important for firms to recognize individuals across these devices in order to understand their customer journey and offer personalized and tailored experience.
- **Non-linear Customer Journey.** The proliferation of digital devices means that customer journey is made up of infinite combination of channels and touch points hence, marketers must gain a holistic view of customer interactions. This lead to the development of new Analytics Tools to measure multi-channel attribution; which is defined as the process of tracking marketing channels that lead to conversions or sales. It is a set of rules that allow marketers to allocate appropriate values to each marketing channel based on its contribution to the sales cycle
- **Real-time decision making.** In order to provide relevant and personalized experiences marketers need to be able to act on insights drawn in real-time. This means that the action of deriving insights from the data and executing the marketing strategies need to take place simultaneously.

- **AI-based intelligent decision making.** Artificial intelligence and machine learning have emerged as solution to tackle problems associated with processing large amounts of data and to draw actionable insights rapidly. AI powered marketing technique promises to be more efficient by automating processes.
- **Using first-party data over external third-party data.** Only first-party data can provide marketers with differentiated insights as compared to third-party data which is onerous and difficult to validate. By leveraging their own data marketers will be able to build a comprehensive profile around their customers enabling them to learn more about their customers and developing deeper engagement.

Permission Marketing/advertising. Permission marketing is an approach where marketer seeks customer permission before sending a marketing message. The key objective of permission marketing is to have an authentic engagement with the consumer without breaching their privacy. In addition to respecting customer time and privacy the goal of permission marketing is to get attention which is considered as an asset by the firms. This is one of the reasons why firms shell out huge sums of money to get one person's permission. For instance, American express spends 150\$ to get a new card holder. The future marketing firms will use permission marketing as a default approach as customer contact strategy.

Experiential Advertising. Experiential advertising focuses primarily on facilitating the consumers to experience the brand. In this form of advertising the firm engages directly with the consumer and encourage them to help evolve the brand. Experiential advertising differs from traditional advertising. While traditional advertising is mainly focused on visual and verbal communication, experiential advertising tries to immerse the consumer within the product. This is feasible today because of recent advances in the use Virtual Reality (VR) and Augmented Reality (AR) tools in advertising. In competitive landscape it will help the future firms to stand out from the crowd as experiencing the brand closely will influence consumer buying decision.

Capturing Customer Feedback. Advertisement is deemed to be effective only when it delivers the message that it was intended to deliver. Regular feedback from the consumers can help marketers to adjust their message accordingly. Although interactive advertising can be considered as a strategic tool to capture customer feedback, but the research carried out by Cheng et al (2009) to examine the consumer attitude towards interactive digital advertising highlights that email and mobile advertising receive less positive response from consumers. So, the firms need to be familiar with the consumer preferences in order to use the right approach to capture customer feedback.

3. Technological Advancements

Media convergence. Media convergence is the merging of mass communication outlets – print, television, radio, the internet along portable and interactive digital technologies through various digital media platforms. The development of world wide web along with digitization of media content widespread use of digital devices has paved a way for media convergence. Media convergence offers a load of opportunities for the marketers to tap in and target customers at precision which was not possible via traditional form of advertising. To reap the maximum amount of benefits future firms should use data driven strategy to identify the most effective mix of available media channels.

Social Media. Social media has fundamentally changed the way organizations communicate and has dramatically changed the advertising landscape. However, it also poses challenges to firms and advertising agencies. The rise of social networking sites has changed the power dynamics on the web giving consumers the power to control, process and act upon the information that has been shared with them. The proliferation of User Generated Content (UGC) due to social media platforms has changed the world of communications for ever.

The impact of social media has been widely experienced in the Arab world and can be witnesses in the changing attitudes and behaviors of people. To highlight this impact the case of UAE will be presented here. UAE with internet penetration rate of 99% (Hootsuite, 2019) coupled with smartphone penetration rate of 91% and as individuals heavily subscribe to social media platforms many UAE business and industries have taken advantage of this opportunity.. Research carried out by Al Tenajji and Cader (2010) aimed to gain insight into the extent of social media marketing usage by organizations in the United Arab Emirates (UAE). Their findings indicate that predominant marketing objectives/activities used by organization in the UAE on social media networks were classified in the following seven areas: to increase brand awareness; advertising; feedback on products and services; promotional offers; directing to the organization's website and in-expensive reach of potential customers and market intelligence gathering.

Service firms primarily operating in the airline and hospitality sector in the UAE have been pampering customers with facilities readily available through social media websites (Vij, 2017) Emirates Airlines, leading airline from Dubai emirate have been using both Facebook and Twitter for its marketing activities. It uses twitter to update its customers with latest news and offers about various destinations that emirates fly to. Similarly, strategic move by Atlantis The Palm Hotel uses Facebook not only for posting information about its restaurants and other leisure activities, offers and price discounts but also to promote their luxurious infrastructure and picturesque natural view offered to visitors from the hotel premises.

Recent emergence of Instagram has transformed the social media application from a socializing medium to an effective marketing tool. This prevalence of Instagram has raised the enthusiasm of some Emirati female entrepreneurs to use Instagram as a marketing tool which is not only effective but in-expensive and user friendly at the same time.

Given the widespread popularity of social media, it is critical for the firms to use this channel effectively in order to reach their targeted audiences. In terms of effectiveness, it encompasses the use of different types of ads on different social media platforms as each social media platform targets different audiences. This view can further be cemented through the findings of a recent survey conducted by the author, according to which almost 40% of the respondents don't accept the idea of seeing the same ad on multiple social media platforms.

Smart Technologies. Brands are turning technology in a way to attract and engage consumers in new and innovative ways. Advertising embracing technologies have proved to have greater impact and more sophisticated ways to reach their target audience, gain great social connection and product value. The creativity in using digital technologies is considered a very effective way of breathing life into advertising campaigns. For example, Pepsi campaign launched in Ramadan 2017 takes a smart and futuristic approach by using digital advertising channels for campaign activation. Just like every Ramadan large companies and corporations compete to present their campaign and to seize the highest number of consumer viewership. In 2017, Pepsi introduces a new tactic of advertising, with the amount of time youth are spending on their smart phones, Pepsi decides to use this technology to create the ad. Carrying their message of "let's complete our gathering" bridging the gap between the slogan and reality, in order to view the ad, three smartphones are required to be placed next to each other for the full view. The strategy was to actually use the smart phones technology to enjoy this advertising experience that would not be complete without the gathering of family or friends. The ad was divided into three sections, as mentioned, each part is seen on one smart phone, without having the other two smart phones, the picture would be incomplete. Figure 14 shows the Ad using 3 smartphones to demonstrate how it became known as "the first ever multiscreen mobile ad".

The ad aims to bring together people and unite them and this was clearly reinforced by the technology used to compel the people to unite, considered as a reality check to make the people realize that they are actually now together enjoying time with one another, the ad was able to shift smart phone technology from being an individualistic used tool to a collective social experience.

Figure 14. Pepsi Advertisement as seen with Three Smartphones



Heading into the future, the futuristic technologies such as the use of Internet of Things (IoT) and augmented reality will truly transform the advertising sector offering consumers the most immersive experience and allowing them to engage with products experientially. According to the interactive Advertising Bureau 65% of the people owning at least one Internet of Things (IoT) device say that they are willing to receive ads on IoT screens (WARC, 2016) These figures are quite promising, and marketers should continue to integrate Internet of Things within their marketing strategies as tomorrow's prospects for IoT as marketing platform seems very bright.

FUTURE RESEARCH DIRECTIONS

Further research is needed to gain insights into how we can educate people about Online Behavioral Advertising (OBA) and empower them to protect their online privacy. Current research has pointed out that consumers might not be able to protect themselves mainly because they do not have the knowledge to assess whether their protective behavior is effective. Using ineffective tools might lead to a false sense of safety.

Also, further research on the impact of Advertising Industry Initiatives such as DEAL and LEAN on consumer attitude towards online advertising and the use of Ad Blockers. Finally, research on the impact of government interventions to protect consumer privacy and data on the advertising industry and its revenue potential are essential for the future of advertising.

CONCLUSION

COVID-19 consumer behavior shifts, continuing technological revolution and growth in big data and analytics have drastically changed the advertising landscape. Consumers are now more informed, more empowered and are more interested in targeted and personalized advertisement. In order to deliver effective advertisements, the firms should formulate their advertising strategies and marketing plans by keeping in view the three macro factors stated in this chapter. In the future, the effectiveness of advertising will depend on the extent to which marketers have evolved based on the market trends. Consequently, the future of advertising will belong to those marketers who will teach, empower and engage consumers with targeted and reliable communication that treat consumers not as statistical data points but as equal partners. Top priorities for marketers can be summarized as follows:

- **Prioritize mobile.** New research has revealed some interesting trends about how mobile devices affect consumers' purchasing efforts. According to the Google consumer barometer report [13] published in 2015 consumers in the are most likely to purchase online using their smartphones, tablets and laptops. In UAE 57% of the consumers exclusively use smartphone when making their next online purchase. In addition, 80% of the UAE smartphone users will immediately make a purchase when they see something closely linked with their interest and passion.
- **Invest in technology and data since it is crucial to delivering superior customer experience.** In order to meet the constantly changing demand of the customers, marketers must harness the power of data and analytics to provide customized experience. Predictive marketing can help organizations to recognize their customers as individuals, leverage their historical data, understand their needs and delivering tailored suggestions in real-time. This can help them to reveal powerful customer insights and, in the process, help them to build customer loyalty.
- **Improve collaboration between different departments within marketing.** Putting customers at the center of marketing requires a different approach to collaboration. Marketers who possess strong coordination and communication skills strengthen the brand image due to clear and concise business objectives. Marketers must coordinate their efforts across different marketing functions in order to provide a superior customer experience as they move across their purchase journey.
- **Using brand loyalty to your advantage with customized online content.** Across the world consumers share some important traits which include loyalty to quality and the desire for the personalized content. In other words,

advertisers should improve the audience targeting through programmatic buying, which allows brands to get real-time feedback from the consumer in order to tailor message specific to their needs. When message addresses and resolves their personal needs, they are more likely to make a purchase. This presents an immense opportunity for the marketers to tailor their marketing strategy in order to have a targeted audience.

- **Ad Blockers are not the enemy.** The cat a mouse game between technology providers will on both sides of the advertising eco-system is here to stay. Technology companies and advertisers will continue to develop tools to collect customer data, target them with advertising to get their attention, while other technology companies will improve their Ad Blocking techniques and promise the customers safer, less interruptive online experience. Hence, it is better for advertisers to acknowledge this a implement strategies to use first-part data and gain customer trust and consent to connect with them.

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KEY TERMS AND DEFINITIONS

Ad-Blockers: Software that offers the capabilities to prevent ads from displaying on the consumer browser. The state of intent behind the development of ad-blocker is to enable the user surf the web without annoying ads.

Advertising Avoidance: Ad Avoidance by consumers is practiced when Ads prevent them from their viewing goals. It includes three types Cognitive, Affective and Behavioral avoidance. Behavioral advertising avoidance means leaving a website to escape the advertisements; cognitive avoidance means that the user learns to ignore advertising; and installing ad blockers is a form of mechanical advertising avoidance.

First Part Data: It is the information that companies can collect from their own sources. In other words, every information about customers from both online and offline sources, such as the company's website, app, CRM, social media or surveys.

Internet of Things (IoT): Products that use sensors and collect data to integrate the physical and virtual worlds.

Online Behavioral Advertising (OBA): There are many definitions of OBA, which is also called "online profiling" and "behavioral targeting." This chapter defined OBA as the practice of monitoring people's online behavior and using the collected information to show people individually targeted advertisements.

Third Part Data: It is data that companies buy from outside sources that are not the original collectors of that data. Instead, they buy it from large data aggregators that pull it from various other platforms and websites where it was generated.

VUCA World: A rapidly changing world, characterized by high levels Volatility, Uncertainty, Complexity, and Ambiguity. It formed new rules that are reshaping the advertising landscape.

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