



ONLINE SHOP REALIZATION. 2. IT PROBLEMS IN LITHUANIA

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ABSTRACT The main idea of this article is to explore the quality of key factors and their impact on customer service quality. Analysis of e-business situation in Lithuania is reviewed. Reasons that oppose this type of commercial development were identified. A questionnaire filled by customers allows us to analyze the quality of online services in Lithuania. The key customer expectations and problems were identified. During the investigations of quality insurances project for improvement of proposals and communication was prepared.

The model is applied to companies operating on the internet. In order to successfully apply this model, organizations need to focus on customers, modern approach to customer services, and provision of support over internet and usage of international technologies for service processing.

Keywords: E-commerce; Customer-friendly manner; Adjustment factors; Customer's verbal recommendations; Business-to-consume; Price reduction; Communication tools; Business online.

Short title: Online shop service - 2

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Introduction

New information technologies (IT) rapidly and quite aggressively approach everyone's work environment as well as everyday life. The ongoing advance of science and technologies affect the crucial changes in work processes, such as increase in a role of planning, management, system analysis and other intelligent operations. These technologies are gaining crucial significance in economics, politics and social areas, thus allowing transition from industrial to informational society. Current situation in Lithuania will be presented and described.

1. IT sector in Lithuania. General notes

The informational society is a society that is open-minded, educated, willing to learn and share it's knowledge. People who belong to it are able to adapt technologies in daily chores, effectively use national and international web resources. Public institutions are able to take up good decisions and ensure access to secure information of good quality by using the web resources.

IT sector employed 37,312 employees during the year 2007. Compared with 2006, this number increased by 5.3% and accounted for 4.3% of total employment. The biggest increase in employment was in sectors of telecommunications, machinery and sales of equipment used in industry followed by companies consulting and providing software for businesses. IT sector's revenue reached 10.898 million LTL in 2007. Compared with 2006, turnover increased by 14% and accounted for 7.9% of total turnover. The reason in turnover increase is due to increase in sales and turnover of machinery and equipment used in industry, trading, navigation, computer and software wholesale trade and increased turnover of telecommunication companies [1-2].

2. IT services

The companies based on providing software, hardware and network installation and consulting had gained the biggest revenue – 541.9 million LTL, approximately 70.5% of all companies providing computer-based services. There was a raise of 26.9% in 2007.

Internet access. In the year 2007 there were 115 internet service providers. According to Communications Regulatory Authority,

there was increase by nearly 24.2% in revenue compared to 2006. During the year 2007 there was increase in internet users of 1.6 times over the year to approximately 417.5 thousand - 12.3 internet users per 100 inhabitants. 83.6% of total amount of internet subscribers were home users.

IT for home users. Home user self-sufficiency for personal computers and Internet usage during the last few years, has been rapidly increasing. In the year 2008 about 42% of households owned a computer, while 40% had an internet access. In four years, the amount of computer owners increased twice, although there was an increase in internet users of 6.5 times [3-6].

In the first quarter of 2008 computers were owned by 53% urban households and 24% of rural households. Ability to own a computer, cell phone or an internet access is proportional to the income of a household. 86% of households with income higher than 2000LTL per month owned a computer and 82% had an internet access.

3. Population use of information technology

55% of 16-74 year old people admitted that they had used a computer. Most of them were young people. Only 4% of 16-24 year olds had never used a computer, while the result was much worse between seniors – 94% of people 65-74 years old had never used one. During the first quarter of 2008, 52% of people had used a computer. 66% of them used it daily, 27% - at least once per week. 32% of those who had used a computer had never taken any computer lessons (including lessons in school and lectures at college or university).

During the first quarter of 2008, about 4% of all those surveyed (or 7.2% of all internet users) admitted having bought something online for their own purposes.

Statistically, 45% of Lithuanian citizens had used internet during 2007. The usage of internet depends on the income of households – internet usage increases with income. The breakpoint is at about 1200-2000 LTL. That is so, because the usage of internet climbed over 50% at that point - about 58% of households owned a computer and had an access to internet. Mostly, the internet was used to look up information about services. Also it was often used to check email, communication or bank transactions. Only 5.5% of users had bought something over internet. By this criteria Lithuania is significantly below the EU average.

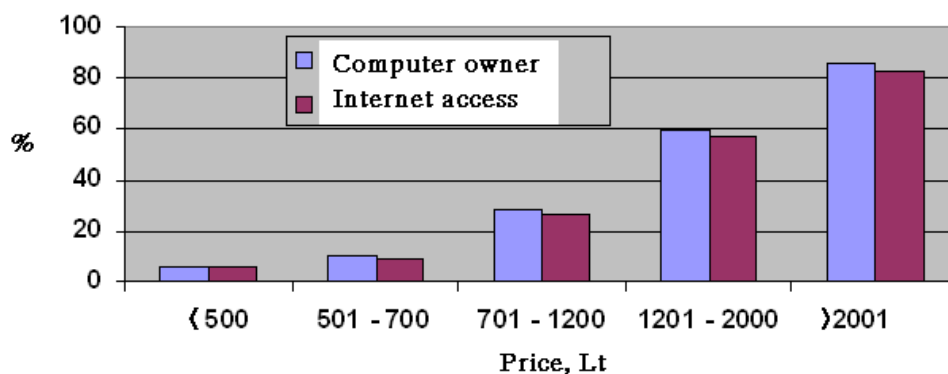


Fig. 1. Home user computer and Internet self-sufficiency in revenue [1]

Table 3. IT sector SWOT analysis

Strengths	Weakness	Opportunities	Threats
A favorable geographical position	Lack of IT satisfies the needs of new staff qualifications	State initiatives, development of information society	Labor force emigration
Sufficiently qualified and relatively cheap IT labor force	Legal environment not conducive to public relations with IT development	European Social Fund	Competition growth in both national and international level
The pace of new product and service installation	Insufficient investment volume of large regional differences.		Impossibility to collaborate with European Social Fund
ISO standards for the installation	Insufficiently developed IT infrastructure (especially in the periphery)		
Based programs and measures provided for modernization of production, innovation and scientific and business relations to improve	Slow pace of installation of innovation in Education offices		

The main reasons that hinder the further use of the Internet are indicated by the lack of time and foreign language skills, which is quite surprising because Lithuania is one of leading countries in Europe by knowledge of foreign languages among population. Although, that might be caused by the fact that majority of websites are available only in English. Although, the main reason, in Author's opinion, is the lack of knowledge and skills. Most of people are afraid of shopping on internet because of the thought that everyone is trying to scam everybody and it is impossible to catch them afterwards. Even more people had never heard of it.

Table 3 represents IT sector SWOT analysis. SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture.

After performing the Lithuanian IT sector SWOT analysis, it is clear that this sector is not sufficiently developed, does not cover all the possibilities. We are situated in a location that is business-favorable, have enough skilled and relatively cheap labor and enough of new products and technologies. The main problem is that we do not use them properly. On the slow deployment of innovation in educational institutions and outdated study programs we are unable to prepare workers qualified enough for IT sector. This in turn leads to the additional time and expenses in training staff, and is one of the negative factors in order to attract foreign investment. Problems are also caused by large regional differences. Major cities, especially Vilnius and Kaunas, are well-advanced and attract most of the investment, which leads to even slower development in other regions in respect of large cities.

In order to ensure permanent and continuous growth of the IT sector, it is necessary to properly assess and, if necessary, make decisions to eliminate potential threats. One of the current threats to Lithuania is emigration - the government provides higher education and then allows qualified professionals going abroad. Another threat is the growth in international competition. To ensure the stable development of the IT sector, there is a need for constant and uninterrupted process of training up worker qualification and putting up innovative techniques.

Although Lithuania's IT indicators are significantly improving, they are still far below EU average. Recently, by an annual IBM "Institute for Business Value", and The Economist "Intelligence Unit" study of the data of year 2008, Lithuania took up 38th place by the e-readiness indicator. Latvia took 37th place, while Estonia is 28th. Study published last year showed Lithuania three positions below.

Each country's e-readiness score is counted according to 6 sectors: technological infrastructure, social and cultural environment, government's vision and politics, business environment, legal framework and lastly, business and private customers.

"Lithuanian electronic progress rate is one of the most rapidly growing in recent years. This was the result of a good legal framework for our country and the susceptibility of business innovation and technology" - said IBM Lithuania manager Rimantas Vaitkus. According to him, the growth stopped because of insufficiently developed technological infrastructure, so the priority now should be the development of broadband internet project [7].

It should be noted that a large gap remains between the old countries of Western Europe and Eastern and Central European countries. Although our country's score exceeds the average in our region, it also exceeds only Asian and CIS achievements too.

The fact, that the annual worldwide average score of e-readiness is rapidly increasing (from 6.24 last year it rose to 6.39), should also be taken into consideration. This indicates the rapid deployment of information technology throughout the world and in various fields. Top countries, such as the U.S., Hong Kong, the Netherlands and Australia have carried out a strategic policy - improved fixed and wireless broadband performance, and created a favorable economic environment for innovation.

According to another survey, the Global Information Technology report (2007-2008), Lithuania has jumped up in IT sector from 39th to 33rd position. The report used to determine the index of countries to use ICT, taking into account the three dimensions: general business, regulatory and infrastructure environment for ICT; the population, business and government preparations for the use of ICT, the real use of ICTs [2].

Table 4. The main e-barriers to business development

N	Description	Comments
1.	Acute lack of competition	Monopoly and oligopoly is not afraid of new competitors, and therefore are not motivated to constantly seek greater efficiency.
2.	Poor customer service standards	Poor maintenance usually way lead to poor service online. Poor online service does not create grounds for consumers to buy anything on electronic channels.
3.	Distort the relationship between suppliers	Searching for the best price in the non-competitive networks.
4.	Shortage of skilled managers	Inability to understand the scale of the development leads to poorly-based action or no action at all.

According to e-participation index Lithuania is in 19th position (in 2005 – 68th position). E-participation index indicates the state of information and services designed to involve citizens in public politics quality and usefulness. According to the e-government's preparations for the index Lithuania is in 28th place (2005 – 40th). The index, covering websites, telecommunications, infrastructure and human resources, reveals the government's preparation to take up opportunities offered by IT.

The best places in the report go to Denmark occupying the first place, Sweden (2nd) and Switzerland (3rd). Neighbor Latvia fell by two positions and is 44th, Estonia remained in 20th place.

The rapidly growing number of Internet home users, and growth of e-business improve the overall performance of the information society in comparison with the EU average. Of course, the backlog is still high. Lithuania is in 17th place by the percentage of Internet users and only in 21st place by the part of public e-services fully accessible to citizens. However, it is great that we are leading in the open source software usage in businesses.

Table 4 represents the scheme of main e-barriers to business development. Mentality of people responsible for Lithuanian business structures need to change. Most of large local businesses are not familiar with quality management, enterprise resource planning systems, business process reform, Six Sigma and various other western economy pillars. Meanwhile, the western economy is currently redeveloped, everything turns into e-everything. Many Lithuanian business owners have trouble understanding these transformations. It is even more difficult to properly react to them, apply and use them.

Innovations as well as changes are always accompanied by various fears of facing them unprepared properly. This sense is reinforced by different rumors or shortcomings. That way, development of innovations halts or, at least, slows down significantly. These are few barriers that force the slowdown of innovations.

1. Low number of Internet users. According to IVPK data, there were about 1.5 million (45%) of the Lithuanian population that had used or gained some benefits from Internet.

2. Low prevalence of credit cards and other payment problems. It has no significant effect on *Business-To-Business* (B2B) type e-business relations, meanwhile, the *Business-To-Consumer* (B2C) system operators have many alternatives (bank transfers, direct GSM Debiting accounts, etc.).

So, as we see there are no obstacles that can not be passed, although obstacles do exist. In author's opinion, the key is the user and seller lack of mutual trust. This type of business is still very frightful and unusual for consumers, for they are aware of

possibility of being scammed and are afraid of it. Of course, the lack of highly qualified and constantly learning managers is still a significant problem because their actions are the key to trust and confidence, followed by loyalty towards one or another business.

4. Electronic Commerce in Lithuania: recent view

According to famous specialist of business management E. Berkovitz's [7] opinion, the key of every successful business is coping with their customers' needs. Theoretician of marketing P. Kotler is sure that every successful business has to gain and maintain their clients while effectively keeping up with their expectations [8]. High quality of customer service is essential to keep up with competition. Although, most of managers would agree that customer serving is of great significance, very few could define what exactly that is. Customer service is a factor that helps to increase sales and competitive ability [9].

Growth of digital economy is based on ability to communicate among participants in business. The most significant obstacles are these: i) inadequate development of telecommunication networks. ii) problems in compatibility of the telecommunications, information technology and trading. iii) high cost of services. iv) low quality and capacity of communication channels; v) lack of information security.

Currently, the most common technologies are based on exchange and sharing of operational information (text, audio, video), as well as technologies based on creation and supporting of informational resources. These technologies consist of email, forums, and various other websites.

The main problems in development of e-business are various differences and gaps in laws that govern the informational service market. There are significant differences in laws of data protection, international trading regulations, determining the origin of goods. Laws, describing the responsibilities of communication channel operators who are responsible for the authenticity and security of data, differ in every country, too. Another problem is securing and resolving authenticity of electronic documents, contracts, transactions and storage.

There are many obstacles that need to be taken into consideration in order to have a successful business. These should be noted as quite important.

1. Distrust: anxiety about price and unknown degree of risk, fear of getting scammed.

2. Lack of knowledge about efficiency of applying the Internet and informational technologies, lack of experience of development of strategy for e-businesses, doubts, whether a product or service is suitable for e-business.

Internet sales are pulled back by lack of trust between customers and sellers or service provider – customers are afraid that they may be scammed and would not be able to get their money back. These are gaps of legal basis. However, the recent Information Society Services Act should create conditions for more confidence in e-commerce in Lithuania. It is more based on discipline for e-sellers and should result in increase in confidence between customer and seller, thus increasing popularity of e-commerce.

Most of online merchants had not heard of that law but they already see the growth in sales, although not without problems. Ernestas Kacerauskas, the Chief Executive of UAB ‘Tiketa’, said that the e-tickets gain popularity at huge pace. 2.5 years ago, when the service of online ticket sales started, tickets sold on Internet amounted in only 5% of all sales. Currently, they amount in 30%. "We hope to sell at least 50% of all tickets online in few years. Similar shops in USA sell almost all of their tickets online and that is our target, too." According to Mr. Kacerauskas, there is significant distrust in e-shopping. "I do not see any other barriers for e-commerce. Trends are good, banks had also put in a lot to it. Of course, Internet could expand a little more, especially in provinces." – said Mr. Kacerauskas. However, Vygantas Milašūnas, the Chief Executive of online bookstore www.patogupirkti.lt noted that, although, the sales are increasing, pace could be greater. Bookstore that is operational for 3.5 years had turnover of 0.9 million LTL last year – 64% more than in 2004, amount of customers increased by 30%.

"Only 2% of Internet users are also users of e-commerce in Lithuania. Average in Western Europe is about 20%. The main obstacle - low usage of Internet in Lithuania, conservative and inexperienced users who are very careful towards e-commerce. In order to change this situation, we need to increase amount of e-services and some time. I think that the breakthrough should be in about 3 years." - says Milašūnas. Modestas Tamutis, Commercial Director of an online computer store gerakaina.lt owned by UAB Flop Information System (FIS), acknowledges that there is no practice of buying online and in order to increase the popularity in e-commerce, there should be more e-shops.

"The situation in our stores is getting better. We began e-trading in 2003, although back then it was useless. Sales increased in 2005 and reached monthly turnover of 230 000 LTL." – happily said Tamutis. Currently, about 25% of FIS total sales are made over Internet. According to Mr. Tamutis, the biggest increase in sales was caused by several reasons – significantly expanded assortment, advertisement, 2% discount for buying online. Mr. Tamutis agrees that the most difficult thing is to overcome customer's fears and distrust in online shops. "The biggest help to us was that we have a lot of shops and our name is well-known. People start to trust you a lot more – they feel safer buying from those who have real shops."

Information Society Services Act clearly states when the contract for the online purchase of goods or services is made. By default, there are set responsibilities for unlawful information on the Internet, for example, illegal trademark use. It is clearly defined what information should be submitted on the website by seller - physical home address, company name, phone, etc. E-mail address is not enough anymore. There is also noted protection of their rights for buying goods in abroad e-stores when their destination point is in Lithuania.

5. Questionnaire

In order to identify the web-based business development problems in Lithuania I made a special questionnaire, consisting of 10 questions. It was published online and was filled by people using news.omnitel.net newsgroup. This is the most popular newsgroup server in Lithuania. Newsgroups are international discussion board based on Usenet, where people discuss important events, publish recent news and discuss about anything they want. There are about 50 000 articles posted daily. In order to navigate properly, they are divided into subgroups according to topic of the post. The form was also e-mailed, asking it to forward to other recipients. Consumer Survey was conducted via the Internet. 159 respondents completed the questionnaire. The first question was aimed to find out the ways of communication, which respondents prefer to communicate with companies.

The largest share of respondents opted for the phone call (40%) and only a few % less contact via e-mail (38%). Another 6% prefer direct communication online via the Internet, 16% go to company's office. In summary, the online communication (e-mail and direct connection) has already conquered telephone communication. It is likely that while the number of users is growing and the quality of the Internet improves, this difference will be even bigger.

The second question sought to find out how many people have not used the Internet to communicate with various companies. Even 92% of respondents responded positively to the question of whether they have tried to contact over Internet. Comparing the answers of the first and second questions dilemma pops up - why the majority of respondents, tried to contact over the Internet, when this form of communication is not a priority.

To the popularity and growth of the global network adds the fact that the websites are attractive and easy to reach when information is provided in hyperlink, graphical, video and audio forms. Popularity of global network as a part of commercial media is caused by ability to manage information resources around the world. Four - five years ago the global network was seen mostly as a huge library and it's biggest advantage was ability to find required information and gain access to it. Currently, though, the global network is the biggest media source, with fancy graphical appearance and unique abilities of marketing, combined with the infinite source of any information reflecting dual role.

1. A role of new communication tool, unlike the traditional media the Internet is an interactive, flexible and infinite.
2. A role of a global virtual electronic market that does not have any territorial or temporary restrictions, allowing the interactive trading of goods and changing the opportunities of distribution.

An important feature of the Internet that has a significant impact on the transformation of traditional activities is interactivity - an opportunity to manage reports of the sender and recipient interaction. This option, unlike in traditional marketing, may be applied to the Internet and World Wide Web which is fully customizable through interactive marketing. It differs from traditional market places by option to reach any place from anywhere using computer networks, removing all restrictions. Traditional marketing relies on monologue with a customer while commercial services on the global network provide options for mass interactive dialogue between information senders and recipients.

In this way communication model of "One - many" turns into a model "Many - many", which allows mutual information flow [10].

The most popular method of online communication is by e-mail. Unfortunately, there is a problem of receiving fast and accurate answer to queries. Only 21% of respondents usually receive a reply in less than 3 hours, 23% in 3÷8 hours, and 41% of users usually receive a response only in 8÷18 hours. This is very uncomfortable, especially if you need to communicate with that company more or do not receive a proper answer for your query. 9% of respondents receive a response within 18÷36 hours. The probability that you will never receive an answer raises to 80% if you had not received one within first three days.

Providing of high quality and quick responses to customers queries may be adjusted by hiring more workers and investing in their training, also by redistributing priorities. Leaders of individual companies should be aware that 5% of people say that they usually do not receive an answer to their query.

Although this percentage is not very high, it may have a negative impact on business in future. This could mean that employees are not competent enough to answer all queries and are likely to ignore them. In order to prevent similar path there should be installed systems that would measure the amount of time it takes to answer an email and if an email stays unanswered for 36 hours – it should automatically inform the front office.

Detailed, accurate and clear answers to the customer queries are essential for successful business. 70% of the respondents answered that they are not completely satisfied with the replies of the company representatives, 8% said that they usually receive negative or incomplete answers. Only 22% of respondents were satisfied by answers.

Customers always expect to receive the answer to all questions. The response should not be incomplete which would cause additional problems for the client. It is recommended that answers would consist links to further information on one or other matters. This should satisfy all customers - experts in their fields, as well as newcomers.

In order to effectively serve customers via the Internet, companies should continuously increase their workers' skills and motivation, that they, in turn, would interact with customers willingly. It should not be forgot that the company's personnel are the lifeblood of the company mirror. The company's management should ensure that the activities and behaviour of employees is constantly evaluated. This process, of course, should be left for the customers. By implementation of this task there should be established an evaluating system, which would add a link at the bottom of an email for evaluation. That would enable customers to quickly and conveniently evaluate every email they receive. In order to enhance the effect, the overall assessment of all customers could be linked to each employee's salary.

Respondents also had to answer a question in the questionnaire whether they are disturbed by the fact that communication is only based on emails. More than half of them (52%) said that it does not cause problems, while 13% of those surveyed were dissatisfied. The remaining 35% answered that communicating only by emails partly caused problems. The answer to this question may be linked to the results of first question that showed that 16% of those surveyed prefer direct contact, such as going to the company. This means that the virtual organization is still unable to satisfy all needs of a customer. The opportunity to chat online

by just going to the company's website is innovative and rarely found. 28% of those who were surveyed welcomed this idea, and 43% thought about it more favorable than unfavorable. Unfortunately, not all customers find this opportunity attractive and able to replace a telephone conversation. Almost a third (29%) of interviewees had opposed the opportunity to communicate directly with each other. Many customers are accustomed to hear the representative of the company and are not likely to express their ideas in written form.

Communication by virtual chat takes longer for the client, but it is free and a form of reducing communication costs. It is also useful for the company. One operator can communicate with several clients at once and it is extremely convenient, if there are used certain combinations of numbers or codes. In this way, the likelihood of errors that can occur on the phone is reduced. It is likely that this form of communication will take on greater significance since the level of Internet quality and computerization is increasing while in the future it might be replaced by a video chat.

Almost all respondents are looking for information on the Internet. They are interested in product descriptions, prices or other consumer feedback on the product or seller. 21% of respondents do not use anything besides Internet for the information, while 43% use Internet the most. Yet a third said that they are looking for information on the Internet as well as other sources. Only the remaining 3% of those surveyed said that they do not favor or use Internet for searching of information at all.

The results show the need to properly assess the impact of the Internet enterprise. Website is like an active sales manager that regularly attracts many new customers. As we know, it is much more difficult to gain a new customer than to retain already existing one. Every company's executives should pay attention to the Internet and at least own a website, that would provide all the information about its services or products.

Most of respondents - 124 of the 159 indicated that the biggest drawback of e-commerce is the insufficient disclosure of the properties of an item. Every customer wants to try out and touch the product, ensure that it meets his expectations before purchasing it. Although, when buying online it is physically impossible to do so. Also there is always some fear of cargo being lost or broken on transportation.

Another disturbing fact – security of private information. Almost half of respondents noted it. Personal data provision and collection procedure takes place between the data subject and the collector. That is procedures of purchase in an electronic shop, reservation of tickets and hotel rooms, electronic payments, Internet banking services. The customer provides his private information himself that includes confidential information that consists of their credit card number, home address, workplace, profession, age, etc.

Unfortunately, it is also very interesting for criminals, too. Users need to know whether their relevant information will be properly protected. Naturally, the mutual trust is very important. This process in Lithuania is overseen by the National Data Protection Inspectorate (<http://www.ada.lt>). It is responsible for law enforcement functions, examining the requests and complaints, verifying the legitimacy of the processing of personal data, draw up protocols, register the data managers, and perform other functions that are set for it.

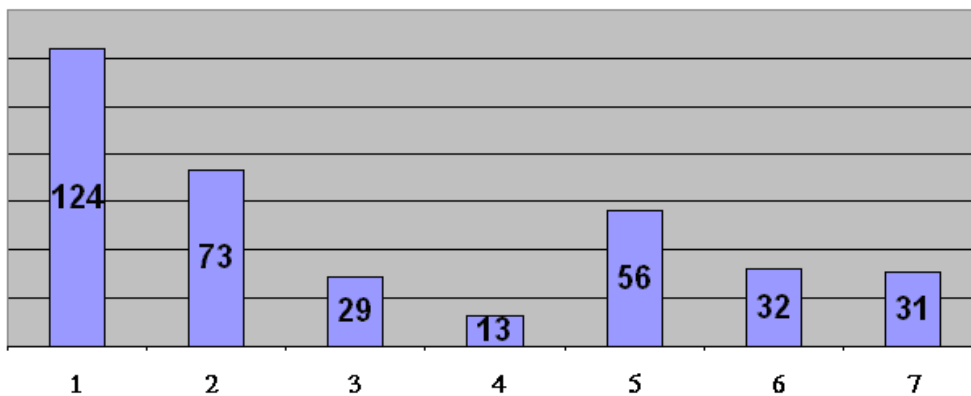


Fig. 2. Lack of electronic trading. 1. Impossibility to touch, "hidden" quantities of products. 2. Unsafe presenting of private data. 3. Absent of knowledge how to operate in Internet. 4. Price increases using Internet payment. 5. Unsafe payment. 6. Complication. 7. Another factors.

The other disturbing fact is the insecurity of payment. Most payments on the Internet are made by credit card. Some people are afraid of making payments online by credit card. Third of respondents noted that. Some reports concerning Internet frauds are shown by media from time to time. These facts reduce confidence of customers in e-business. Payments made on Internet are kind of electronic commerce Achilles heel. In order to develop e-business further and quicker, this problem should be resolved and safer and more comfortable ways of making payments should be applied.

Respondents also noted the lack of required information about usage of Internet payments and the difficulty to use it as big drawbacks from using Internet-based shopping. This is true for users who do not use a computer very often. It is easier for them to go to an ordinary shop. In order to attract these consumers, each e-business organization should create a separate page on their website, which describes in detail how to use this service.

The next question in the questionnaire was to find the opinion of users whether they are kindly served in online shops. Only 4% agreed with that statement while 21% agreed partly. 11% totally disagreed, 11% disagreed partially. 53% of respondents had no opinion on the matter. In conclusion, it looks like the sellers on e-shops are serving their customers the same way they do in ordinary shops. The last question was intended to clarify the need for Lithuania of software product installation and configuration service. 16% of respondents responded positively and 36% consider that as a possibility. However, 48% of those polled say that the service is not necessary. Of course, this depends on the user's computer knowledge. Fig. 2. represents the lack of electronic trading.

6. Online customer service development model: discussion

Analysis of the e-business situation in Lithuania followed by analysis of the data collected from the survey, assumptions were made for development of online customer service model. It turns out that Internet users do not receive a fast and efficient service. It consists of a delay to respond an electronic query, complete and accurate responses. In order to effectively serve customers, the company should be easily accessible, allow customers to con-

tact them in a most convenient way. This, in my view, should be: e-mail, mail, telephone, live chat and other audio and visual means.

The majority of users use Internet to find information about goods and services, video and audio communication channels, although, they are not used for shopping online. Analysis of e-business and survey shows that the main reasons for that are: fear of being scammed, lack of knowledge, the insecurity of payment. In order to increase the amount of Internet shopping, companies should eliminate these fears by creating and maintaining image of trustworthy seller, guarantee the delivering of goods. Also, in my point of view, it would be extremely useful to add a section on webpage for inexperienced users. It should consist of the basics of e-business, description of the process and provide all the information regarding the process. To reduce the sense of insecurity additional payment options could be provided, such as bank transfer, paying via GSM network, a payment card. Another drawback for e-business is poor item description on the website. Users also want to touch and feel the item they are going to buy, making sure that it meets their expectations. Unfortunately, it is not possible in cyberspace. In my opinion, this could be partly compensated by providing full description of the goods or services based on video and audio technology. The user that had seen a video of service or item usage in reality, should feel much more bravely, and the possibility to return a product if it does not meet your expectations would be the best option to attract a customer.

Further successful development may be expected after resolving these problems. Model was made and is shown in Fig. 3.

Conclusions

The presentation of characteristics of the goods or services in the Internet is one of the most important factors that stop e-business development in Lithuania. In the absence of opportunities to touch the product or service and make sure that it meets the requirements, video and audio technologies should be invoked to convey its' features. In this case the use of footage could fit ideally. Lithuania lags behind EU in terms of amount of people buying online. One of the reasons is lack of information on the subject. Online shopping still seems unearthly thing for many consumers. Others associate it with fear of getting scammed.

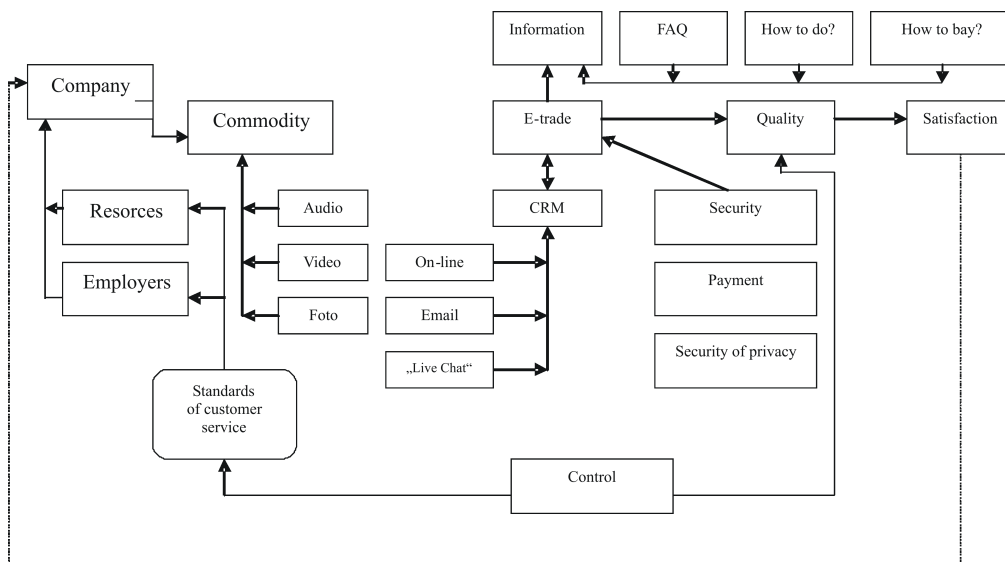


Fig. 3. Successful development of electronic commerce.

Lack willing to learn and skilled managers and the incapability to understand the dimension of ongoing changes leads to a little reasonable action or no action at all. The companies have to ensure opportunity for customers to contact in customer-friendly manner. Studies have shown that customers, who con-

tact by email and do not get their problems solved, are willing to solve them by phone. There is also much interest in ability to communicate directly via live chat available at the website of a company.

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