

Regional Cooperation—Electronic Commerce Impact

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Abstract

Albania has become an important factor of security, peace and stability in the region. Albania has a great development potential, deriving its comparative advantages from its geographical position, human resources and physical endowments. Proximity to European markets and favorable climate conditions are positive factors for the agricultural sector. Becoming part of international transport corridors will raise the importance of the country in the development of regional trade [1]. Albania is also an attractive tourist destination as a result of its natural beauty and rich cultural heritage but now days it can't be understood the development of a country without considering the others. As the Sustainable Development requires, we must consider the world as a system and being aware that air pollution from a country affects air quality on the other countries. When we think of the world as a system we also understand that quality of life is a system too. At this context, there are several actions that can contribute to the regional cooperation as well as the well being of a country and its citizens. The focus of this manuscript is to describe the electronic commerce impact, advantages and barriers related to e-commerce implementation as well as a SWOT¹ analysis of Albania and other countries. The manuscript is well documented as a scientific research paper.

Keywords

E-Commerce², Sustainable Development, Regional Cooperation, Integration

¹ASWOT analysis (alternatively SWOT matrix) is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person.

²Electronic commerce, commonly known as e-commerce or ecommerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks.

1. Introduction

The development of regional cooperation is in the best interests of all the western Balkan countries: it is a key factor for establishing political stability, security and economic prosperity. It corresponds to a commitment made by the countries of the region at the EU—Western Balkans Summits of Zagreb (2000) and Thessaloniki (2003). Regional cooperation is a cornerstone of the EU's policy framework for the western Balkans—the stabilization and association process, which offers to the countries of the region the possibility of eventual EU membership.

Many of the challenges facing the western Balkan countries are not only common to them but also have a cross-border dimension, which involves their regional neighbors. The different set of reasons—political, economic and security—for which regional cooperation in the western Balkans is crucial, are closely interlinked: for instance, regional stability and security are needed for economic development, which in turn favors stability and security in the region.

The western Balkan countries have now realized that they have responsibilities towards each other and that they have many challenges in common, some of a cross-border nature. They see now the considerable benefits of increasingly close regional cooperation—political understanding, economic and social prosperity.

Extended regional cooperation in south-eastern Europe is essential, regardless of the different stage of integration of the various countries, and an important criterion for the European course of the western Balkan countries. The stability, prosperity and security of the region are of significant interest to the EU. The EU will continue to foster all endeavors to promote regional cooperation [2].

2. Main Dimensions of Regional Cooperation

There are three main dimensions of regional cooperation: the political dimension, the economic dimension and the security dimension.

2.1. Political Dimension

Political will and commitment by the countries of the region are key to promoting regional cooperation in its various forms, whether in the field of economy, infrastructure or justice and home affairs.

Regional cooperation is a specific requirement under the stabilization and association agreements. Rapprochement with the EU will go hand in hand with the development of regional cooperation in the western Balkans.

Enhanced regional cooperation is one of the major objectives set down in the Thessaloniki agenda, endorsed in the EU—Western Balkans Summit of June 2003, to strengthen the stabilization and association process. The western Balkan countries committed themselves to continue to develop regional cooperation and to promote a series of specific objectives with regard to regional free trade, the creation of regional markets for electricity and gas, the development of transport, energy and telecommunication infrastructures, the environment, research technology and development, cross-border and parliamentary cooperation, and a number of other areas.

Sustainable return of refugees and internally displaced persons is critical for ethnic reconciliation and is an indicator of democratic maturity [2].

2.2. Economic Dimension

Regional cooperation is essential for increasing prosperity and economic growth. Economic development is a key issue if the western Balkan countries are to make better, faster progress towards European integration.

In many areas, such as trade, energy and transport, because of the limited size of each western Balkan country and the fragmentation of the economic space in the region, there is no other option but to embark on intense regional cooperation as the only realistic way forward. Enhanced regional cooperation in the economic field is just plain common sense.

Through regional cooperation, a business environment will be created in the western Balkans that will provide for foreign and national direct investments, that will create much needed jobs and that will encourage individual initiatives, and so add to an increase in the living standard of the whole population.

Infrastructure development is of vital importance for developing the economies of the western Balkans; it is an initial and indispensable requirement for an increase in economic growth [2].

2.3. Security Dimension

Regional cooperation is instrumental in addressing the security challenges facing the region, since many urgent issues, such as organized crime and corruption, or integrated border management and illegal migration, can be effectively addressed only by a trans-border approach.

Efforts to address the criminal threats to the stabilization and development of the region, as to the very security of the EU, will only be successful if the western Balkan countries and the EU work together to fight corruption and transnational organized crime, which prevents legitimate economic growth and undermines democratic rule of law and democratic stability in the region.

Organized crime and corruption are threats to security and democratic stability, and obstacles to the rule of law and economic development in the region. Combating organized crime and corruption is a key priority for the governments of the region. Particular focus is being placed upon fighting all forms of trafficking, particularly of human beings, drugs and arms, as well as smuggling of goods. Strengthening the regional operational cooperation for police and prosecution is considered a key priority for the countries of the region [2].

3. E-Commerce Impact

Since the development of globalization approach and the invention of faster internet connectivity and powerful online tools has resulted in a new commerce arena, E-commerce.

3.1. Global Trends

In 2010, the United Kingdom had the biggest e-commerce market in the world when measured by the amount spent per capita. The Czech Republic is the European country where ecommerce delivers the biggest contribution to the enterprises' total revenue. Almost a quarter (24%) of the country's total turnover is generated via the online channel.

With 384 million internet users, China's online shopping sales rose to \$36.6 billion in 2009 and one of the reasons behind the huge growth has been the improved trust level for shoppers. The Chinese retailers have been able to help consumers feel more comfortable shopping online. China's cross-border e-commerce is also growing rapidly. E-commerce transactions between China and other countries increased 32% to (\$375.8 billion) in 2012 and accounted for 9.6% of China's total international trade.

In Russia, the total ecommerce market is projected to total somewhere between 690 billion rubles (\$23 billion) and 900 billion rubles (\$30 billion) in 2015, at 2010 values. This will equal 5% of total retail volume in Russia. Longer-term, the market size of Russian e-commerce could reach \$50 billion by 2020. Ecommerce players need to understand unique insights about trust factor, online payments and language peculiarities to penetrate the Russian market. Brazil's ecommerce is growing quickly with retail ecommerce sales expected to grow at a healthy double-digit pace through 2014. By 2016, e-marketer expects retail ecommerce sales in Brazil to reach \$17.3 billion. India's ecommerce growth, on the other hand, has been slower although the country's potential remains solid considering its surging economy, the rapid growth of internet penetration, English language proficiency and a vast market of 1.2 billion consumers (although perhaps only 50 million access the internet through PCs and some estimate the most active group of e-commerce customers numbers only 2 - 3 million). E-commerce traffic grew about 50% from 2011 to 2012, from 26.1 million to 37.5 million, according to a report released by Com Score [3]. Still much of the estimated 14 billion dollars in 2012 ecommerce was generated from travel sites.

Ecommerce is also expanding across the Middle East, having recorded the world's fastest growth in internet usage between 2000 and 2009. Retail, travel and gaming are the region's top ecommerce segments, in spite of difficulties such as the lack of region-wide legal frameworks and logistical problems in cross-border transportation. Ecommerce has become an important tool for small and large businesses worldwide, not only to sell to customers, but also to engage them.

In 2012, e-commerce sales topped \$1 trillion for the first time in history.

According to EMOTA³, the prediction for the European E-commerce turnover in 2013 was to reach €350 billion with respectively turnover reached by region: Europe growth by 17%, Asia Pacific by 30% and North America by 12% where UK, France and Germany account for 60% of European e-commerce. E-commerce is grow-

³European Multi-channel and Online Trade Association.

ing very fast throughout Europe (Figure 1).

Some advantages of the e-commerce on the European regional context is that by 2018 e-commerce can potentially create 1.5 million jobs in Europe. Also by 2018 cross-border online sales will grow twice as fast as domestic sales (domestic +9%, cross border +21%). However, only 11% of consumers currently shop online across borders. In addition, only 25 % of retailers sell across borders. The barriers to cross border sales for retailers are: different consumer laws, risk of fraud/non payments, geographic distance, different tax regulations, delivery costs, complaints resolution, own restrictions, customer service, language differences [4].

3.2. Impact on Markets and Retailers

Economists have theorized that ecommerce ought to lead to intensified price competition, as it increases consumers’ ability to gather information about products and prices. Research by four economists at the University of Chicago has found that the growth of online shopping has also affected industry structure in two areas that have seen significant growth in ecommerce, bookshops and travel agencies. Generally, larger firms are able to use economies of scale and offer lower prices. The lone exception to this pattern has been the very smallest category of bookseller, shops with between one and four employees, which appear to have withstood the trend.

Individual or business involved in ecommerce whether buyers or sellers rely on Internet-based technology in order to accomplish their transactions. Ecommerce is recognized for its ability to allow business to communicate and to form transaction anytime and anyplace. Whether an individual is in the US or overseas, business can be conducted through the internet. The power of ecommerce allows geophysical barriers to disappear, making all consumers and businesses on earth potential customers and suppliers. E-bay is a good example of ecommerce business, individuals and businesses are able to post their items and sell them around the Globe.

4. E-Commerce Advantages and Disadvantages

4.1. E-Commerce Advantages

E-commerce advantages can be broadly classified in three major categories: (a) advantages to organizations, (b) advantages to consumers], (c) advantages to society [5].

4.1.1. Advantages to Organizations [5]

- Using E-Commerce, organization can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers and suitable business partners across the globe.

E-commerce growth estimate by country in 2013

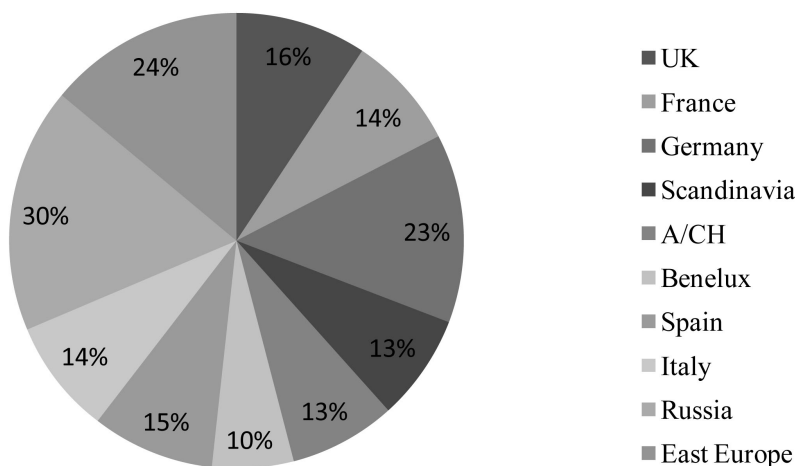


Figure 1. E-commerce growth of Europe in 2013.

- E-Commerce helps organization to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information.
A part of these lowered costs could be passed on to customers in the form of discounted prices. Some of the ways that costs can be reduced with ecommerce:
 - *Advertising and Marketing* (organic search engine traffic, pay-per-click, and social media traffic are some of the advertising channels that can be cost-effective).
 - *Personnel* (the automation of checkout, billing, payments, inventory management, and other operational processes, lowers the number of employees required to run an ecommerce setup).
 - *Real Estate* (this one is a no-brainer. An ecommerce merchant does not need a prominent physical location).
- E-commerce improves the brand image of the company.
- E-commerce helps organization to provide better customer services.
- E-Commerce helps to simplify the business processes and make them faster and efficient.
- E-Commerce reduces manually work a lot.
- E-Commerce increases the productivity of the organization. It supports “pull”⁴ type supply management.
- Gain New Customers with Search Engine Visibility. Physical retail is driven by branding and relationships. In addition to these two drivers, online retail is also driven by traffic from search engines. It is not unusual for customers to follow a link in search engine results, and land up on an ecommerce website that they have never heard of. This additional source of traffic can be the tipping point for some ecommerce businesses [6].
- Easy to start and manage a business.
- Limitless possibility for creation of new sales channels. Perhaps your products are handmade and of interest to Interior Designers. With e-commerce you could potentially approach Interior Designers all over the world more easily.
- By implementing E-commerce organizations can sell a wider range of stock items (goods).
- Make more profit per item sold. The math is different, however your costs to sell each stock item goes down dramatically once your web store becomes established and you start to see decent traffic volumes. By consequence you should be able to make a higher margin, even with the slightly lower sale price you will almost certainly need to offer online [7].
- Cross-sells. These are offers of other complimentary products at checkout. Think about when you are in the supermarket and you get to the till. There are always lots of products surrounding you on your wait to pay. Sweets and treats usually. Sometimes special offers. With e-commerce, this can also be the case. In fact you can be even more targeted! Take the last example of the lady buying coffee from you. At checkout you could present her with a French Press or a new Coffee Grinder that you have on special offer.
- Much higher level of intelligence about your customers behavior, likes, desires etc. With e-commerce you will have great data about your customer behavior on your e-commerce store. This data will allow you to adapt your store over time to make it more effective.
- E-mail Marketing. If configured correctly your e-commerce store should be collecting email addresses for you of potential customers in the future and also of existing customers. With email marketing (executed properly) you have an extremely low cost method of continually driving traffic back to your store with special offers, competitions etc. [8].
- Better social media engagement. If you take the time and build a social media strategy, having an ecommerce store should increase the effectiveness of what you can achieve with social media. There are exceptions to every rule but generally speaking for ecommerce the majority of your visitors/customers will be sitting at a laptop/computer when making purchases. It is easier for you to incentivize or ask them for a mention on Twitter or Facebook. It’s also slightly easier for them to do it if you use the right technology so consequently your new customer is more likely to oblige [8].

4.1.2. Advantages to Customers [5]

- Customer can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location⁵.
- E-Commerce application provides user more options and quicker delivery of products.

⁴In “pull” type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.

⁵24 hours of each seven days of a week 365 days a year.

- E-Commerce application provides user more options to compare and select the cheapest and the best option. They provide comparison shopping. E-commerce facilitates comparison shopping. There are several online services that allow customers to browse multiple ecommerce merchants and find the best prices.
- A customer can put review comments about a product and can see what others are buying or see the review comments of other customers before making a final buy [7].
- E-Commerce provides option of virtual auctions.
- Enable Deals, Bargains, Coupons, and Group Buying. Though there are physical equivalents to deals, bargains, coupons, and group buying, online shopping makes it much more convenient. For instance if a customer has a deep discount coupon for turkey at one physical store and toilet paper at another, she may find it infeasible to avail of both discounts. But the customer could do that online with a few mouse-clicks.
- A customer can see the relevant detailed information within seconds rather than waiting for days or weeks⁶.
- Locate the Product Quicker. It is no longer about pushing a shopping cart to the correct aisle, or scouting for the desired product. On an ecommerce website, customers can click through intuitive navigation or use a search box to immediately narrow down their product search. Some websites remember customer preferences and shopping lists to facilitate repeat purchase.
- E-Commerce helps reducing cost of products so less affluent people can also afford the products.
- E-Commerce has enabled access to services and products to rural areas as well which are otherwise not available to them [5].
- E-Commerce increases competition among the organizations and as result organizations provides substantial discounts to customers.
- Provide abundant information. There are limitations to the amount of information that can be displayed in a physical store. It is difficult to equip employees to respond to customers who require information across product lines. Ecommerce websites can make additional information easily available to customers. Most of this information is provided by vendors, and does not cost anything to create or maintain [7].

4.1.3. Advantages to Society [5]

- Customers need not to travel to shop a product thus less traffic on road and low air pollution with a few mouse clicks.
- E-Commerce helps government to deliver public services like health care, education, social services at reduced cost and in improved way.

A very important advantage of e-commerce for all the target groups (organizations, customers and societies) is the *overcome geographical limitations*. The physical store limits the geographical area that one can service. Additionally, the advent of m-commerce⁷ has dissolved every remaining limitation of geography [6].

4.2. E-Commerce Disadvantages

- Ecommerce lacks the personal touch, of great importance on services.
- Ecommerce delays goods. E-commerce websites delivers take a lot longer to get the goods into your hands. Even with express shipping, the earliest you get goods is “tomorrow”. An exception to this rule is in the case of digital goods⁸. In this case, e-commerce might actually be faster than purchasing goods from a physical store [9].
- Many goods cannot be purchased online.
- E-commerce does not allow you to experience the product before purchase. You cannot touch the fabric of the garment you want to buy. You cannot check how the shoe feels on your feet. You cannot “test” the perfume that you want to buy. You get the idea.
- Anyone can set up an ecommerce Website. We live in an era where online storefront providers bring you the ability to set up an ecommerce store within minutes. But if anybody can set up a store, how do we know that the store we are purchasing from is genuine? The lowered barriers to entry might be a great attraction to the aspiring e-commerce entrepreneur. But for the buyer, reliability can be an issue. This could lead customers to restrict their online purchases to famous ecommerce websites.
- Security. When making an online purchase, you have to provide at least your credit card information and

⁶Readily available information.

⁷E-commerce on mobile devices.

⁸An e-book or a music file.

mailing address. In many cases, e-commerce websites are able to harvest other information about your online behavior and preferences. This could lead to credit card fraud, or worse, identity theft.

- Mechanical failures can cause unpredictable effects on the total processes.
- As there is minimum chance of direct customer to company interactions, customer loyalty is always on a check [9].

4.3. E-Commerce Issues of the South Eastern Europe

In a two-year period (from October 2000-2002) was conducted a project to examine the situation of e-commerce adoption in south eastern Europe in order of getting a better understand of the technology diffusion strategies applied in the countries under investigation. The project was funded by the European Commission. The participating countries were: Albania, Bulgaria, Cyprus, Macedonia, Greece, Israel, Moldova and Romania [10]. The study shows a SWOT analysis for the participating countries regarding to the e-commerce adoption. It has been retrieved the analysis for Albania only in order to compare the results with the actual situation (Table 1).

Now days, the Albanian situation is absolutely improved. Now Albania boasts one of the highest mobile penetration rates in Europe.

The country has sought accession to the European Union (EU) which has benefited its telecoms sector through closer scrutiny of its regulatory regime and through the injection of funding to help modernize infrastructure. Albania signed a Stabilization and Association Agreement with the EU, which came into force in mid-2009. As part of the EU pre-accession process, Albania has received financial aid to build public institutions and improve cross-border co-operation under the EU's Instrument for Pre-Accession Assistance funding mechanism [11].

Albania's telecom industry has been liberalized and legislation has been recently introduced that adopts regulatory principles found in the EU's regulatory framework for communications, which promotes competition as the most efficient way to offer communications products and services while ensuring universal access. The market's growth potential has attracted international investment into both the incumbent and alternative operators. Future network development is expected in order to support the growing popularity of broadband services.

Recognizing the potential of applying ICT to improve both social and economic development, Albania has taken steps to develop a knowledge-based society, principally by improving IT literacy [11].

According to "Internet World Stats, Usage and population statistics in Albania", there are 1.300.000 Internet users as of June/10, 43.5% of the population (Table 2) [12].

Percentage of individuals using the internet in 2012 was 54.66% [12]. Internet access by companies and individuals can no more be considered a weakness because actually in Albania there are around 20 Internet Service-providers, more skilled personnel, improved telecommunication infrastructure and flexible systems payment by banks. The educational system in recent decade has strongly invested in technology. Also it has been an in-

Table 1. SWOT analyses for Albania.

<i>Strengths</i>	<i>Weaknesses</i>
The Internet growth is relatively high (30% per year)	Limited Internet access by companies and individuals
A considerably high number of ISPs ⁹ operates in the country	High cost of developing and maintaining a web site
	Lack of skilled personnel
	Lack of computer equipment
	Lack of telecommunication infrastructure
	Lack of flexible payment systems by the banks
<i>Opportunities</i>	<i>Threats</i>
Relatively high mobile phone use	Lack of vision and strategy for e-commerce by the government
The telecommunications sector is planned to be privatized within this year and in two year after its privatization another fixed telephony provider will be licensed against an international tender	Non-technology oriented educational system
The business community recognizes the importance of e-commerce for the economic growth of the country	Lack of cooperation between the public and private sector

⁹Internet Service Provider.

Table 2. Usage and population statistics in Albania.

Year	Users	Population	%Pop.
2000	2500	3,083,300	0.1%
2002	30,000	3,084,586	1.0%
2006	75,000	3,087,159	2.4%
2007	471,200	3,087,159	15.3%
2008	580,000	3,619,778	16.0%
2009	750,000	3,639,453	20.6%
2010	1,300,000	2,986,952	43.5%

creasingly interest from students who applied IT sciences. By 2010 there were 6407 students admitted in IT sciences (first & second level) [13]. Continuing improvements will certainly improve and strengthen the cooperation in the region.

5. Conclusions

The development of regional cooperation is in the best interests of all the western Balkan countries: it is a key factor for establishing political stability, security and economic prosperity.

Many of the challenges facing the western Balkan countries are not only common to them but also have a cross-border dimension, which involves their regional neighbors. The different set of reasons (political, economic and security), for which regional cooperation in the western Balkans is crucial, are closely interlinked: for instance, regional stability and security are needed for economic development, which in turn favors stability and security in the region.

There are three main dimensions of regional cooperation: the political dimension, the economic dimension and the security dimension.

Since the development of globalization approach and the invention of faster internet connectivity and powerful online tools has resulted in a new commerce arena, E-commerce. E-commerce is a global trend and impact on markets and retailers. It has several advantages and disadvantages.

E-commerce advantages can be broadly classified in three major categories: advantages to organizations, advantages to consumers, advantages to society. E-commerce stands for economic growth of a country, strengthens the regional collaboration and catches the global trend of globalization.

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