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Internet usage in advertising and distribution in the banking services market

The paper presents the results of a research whose main aim was to determine the extent of Internet use in the SME sector and in the distribution of banking services. To reach this objective, direct interviews using a research questionnaire (PAPI) were conducted on a random sample of SMEs operating in the Polish banking market. A total of 1,100 interviews were conducted with managers responsible for selecting a bank to handle the company's financial operations. It is worth to point out the extensive use of the Internet, which grows along with the number of employees. The main conclusion is that the Internet can be treated as a way of conducting business or as a tool supplementing traditional marketing that provides customers with additional advantages.

Keywords: SME, Internet, banking services, distribution channels, advertising, market research

JEL classification: M31, M37, G20

Wykorzystanie Internetu w reklamie i dystrybucji na rynku usług bankowych

Artykuł przedstawia wyniki badań, których głównym celem było określenie stopnia wykorzystania Internetu w sektorze MŚP oraz w dystrybucji usług bankowych. Aby zrealizować założony cel, przeprowadzono badanie bezpośrednie z wykorzystaniem kwestionariusza badawczego (PAPI) na losowej próbie MŚP działających na polskim rynku usług bankowych. Przeprowadzono 1100 wywiadów z osobami decydującymi o wyborze banku do obsługi firmy. Uwagę zwraca wysoki stopień wykorzystania Internetu – tym wyższy, im więcej firma zatrudnia pracowników. Główny wniosek z badań mówi, że Internet traktować można jako sposób na prowadzenie biznesu lub jako narzędzie uzupełniające tradycyjny marketing, które zapewnia klientom wiele dodatkowych korzyści.

Słowa kluczowe: MŚP, Internet, usługi bankowe, kanały dystrybucji, reklama, badania rynku

Klasyfikacja JEL: M31, M37, G20

Introduction

The increasing market competition is forcing enterprises to look for new ways of conducting business and taking advantage of the possibilities arising from the sudden development of computer technologies. Under these new conditions, companies operating in traditional markets can use the Internet to keep up with the competition. Changes triggered by the enormous growth of interest in the Internet – on the part of both users and investors – are causing many enterprises to redefine their marketing strategies. The use of computer technologies in communication, information flow, market segment identification, product development, and distribution leads us to the conclusion that the Internet has earned its place in marketing. It can be treated as a way of conducting business or as a tool supplementing traditional marketing that provides customers with additional advantages.

1. The role of the Internet in product promotion and distribution

The enormous global interest in the Internet and the multitude of definitions of this medium of information transmission suggest that for each of us who use this network daily it constitutes a completely 'different world'. The Internet is a global computer network that connects hundreds of thousands of smaller networks and computers. However, its most important feature is the possibility it provides of communicating with any other computer within the network – allowing us to overcome the physical barrier of distance and enabling contact between people. Although many perceive the Internet as an integral whole, it is, in fact, a set of elements that perform different functions, which we call Internet services. Each service requires specific tools (software) [Kuchciak, 1997, p. 23]. For many users, the Internet constitutes an essential source of entertainment, information, or a way to spend leisure time. Everyone use the global network the way their abilities, time, and financial means allow them. We need to realise that the Internet represents something else to each of us, which means that we can discover it for ourselves, i.e., use its numerous possibilities in any manner desired [Oniszczuk-Jastrząbek, 2007, p. 552].

The Internet as a marketing tool offers huge possibilities, i.a. in the following areas [Unold, 2000, p. 225]:

- exchanging electronic mail (e-mail),
- transferring files (e.g. offers),
- monitoring news and opinions,

– seeking and browsing web pages,
– sending, accumulating, and presenting information,
– advertising,
– public relations,
– direct sales,
– supplementary sales,
– market research,
– establishing close relations with customers.

The WWW network is useful for impersonal promotion via various means of communication. When we compare traditional and online means of promotion, we notice that they do not require activity on the part of addressees. Online promotion 'consists in promotional actions of companies through the worldwide communication network – the Internet' [Rydel, 1998, p. 81]. Promotional content can be both static and dynamic. One distinctive feature of this form of promotion is its interactivity and lack of sequentiality.

Websites are the basic advertising medium. Advertising is a kind of promotion intended above all to inform and encourage the purchase of products or services offered by a certain company. Online advertising takes different forms [Sznajder, 2000, p. 105]:

– advertising banners (active advertising modules),
– target ads at the company's website,
– reference advertisement,
– advertisements on websites similar to newspaper announcements,
– advertising interludes,
– daughter windows,
– advertising minisites on external websites,
– advertising buttons,
– attachments to e-mails, text messages.

We often use the Internet as a direct delivery channel with 24-hour-a-day availability and the possibility of reaching producers and consumers worldwide. Elimination of intermediaries, improvement and automation of the sales process, limited role of the human factor, and reduction of expenses associated with maintaining physical facilities enables a substantial reduction of operating costs. A much shorter transaction time and continuous contact with the customer are among other very important advantages brought by the Internet [Wielki, 2000, pp. 119–120].

2. Main findings

2.1. Research methodology

A direct interview method was used to collect data from entrepreneurs representing the SME sector. The research group comprised 1,100 Polish companies: 600 micro-enterprises (0–9 employees), 300 small enterprises (10–49 employees), and 200 medium-sized enterprises (50–249 employees). The survey was conducted between April 15 and 26, 2015, using direct interviews (PAPI).

The sample was representative of each employment group. The generalised results are presented in the tables as 'Total SMEs' (with weighted data).

The survey was conducted in all 16 Polish voivodeships: mazowieckie, śląskie, wielkopolskie, małopolskie, dolnośląskie, łódzkie, kujawsko-pomorskie, pomorskie, lubelskie, podkarpackie, zachodnio-pomorskie, opolskie, lubuskie, świętokrzyskie, warmińsko-mazurskie, and podlaskie. The sampling was done randomly from a list of SMEs provided by the Central Statistical Office of Poland (GUS). The algorithm for selecting companies to represent the SME sector was developed by a specialist from the Qualifact company. Companies were chosen using systematic sampling. Targeting the examined population according to the industry (production, construction, trade, hotels and restaurants, transport, financial intermediation, real estate, education, other) and voivodeship ensured the representativeness of the sample.

2.2. Internet use

85.6% of the surveyed companies declared using the Internet, and 45.4% of them declared owning a website. The larger the company, the more probable it is to use the Internet and own a website.

Table 1. Internet use

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	85.6	510	85.0	287	95.7	200	100.0
No	14.4	90	15.0	13	4.3	–	–
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 182].

Table 2. Webpage ownership

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	45.4	223	43.7	204	71.1	161	80.5
No	54.6	287	56.3	83	28.9	39	19.5
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 183].

2.3. Noticeability of bank advertisements

The advertisement of the banking service was noticed within the 12 last months by 63.8% of respondents (of SME representatives). The majority of the examined people remembered advertisements of the following banks: PKO Bank Polski (38.3% of respondents which noticed the advertisement of any bank), ING Bank Śląski (35.2%), Alior Bank (24.9%) and BZ WBK (24.8%). Television is the most popular medium – 62.3% of SME representatives have seen a bank advertisement on television. 32.8% of respondents have seen advertisements on the Internet, and 17.8% in the press. Among Internet advertisements, the best remembered were those of PKO Bank Polski (10.8% of sample) and ING Bank Śląski (6.7% of sample). In comparison, in the case of insurance companies commercials, television is the most popular medium (39.9% of respondents have seen advertisements of insurance companies on television). The Internet was in second place (13.0%), press advertisement in third (7.5%), and outdoor in fourth (7.0%). Radio commercial (3.7%) and press (3.7%) had a relatively small impact.

Table 3. Noticeability of bank advertisements (by company size)

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	63.8	384	64.0	181	60.3	117	58.5
No	36.2	216	36.0	119	39.7	83	41.5
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 170].

Table 4. Noticeability of bank advertisements (by bank)

Bank	% of respondents who encountered bank advertisements	% of the sample
PKO Bank Polski SA	38.3	24.4
ING Bank Śląski SA	35.2	22.5
Alior Bank SA	24.9	15.9
BZ WBK SA	24.8	15.8
Bank Millennium SA	19.8	12.6
mBank	14.7	9.4
Eurobank	13.7	8.8
Crédit Agricole SA	13.7	8.7
Pekao SA	10.4	6.6
Getin Noble Bank SA	8.1	5.2
Raiffeisen Bank Polska SA	5.6	3.6
Idea Bank	5.4	3.5
BGŻ SA	5.4	3.5
Bank BPH SA	5.1	3.3

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 171].

Table 5. Noticeability of bank advertisements (by media)

Medium	% of respondents who encountered bank advertisements	% of the sample
TV	97.7	62.3
Internet	51.5	32.8
press	27.9	17.8
outdoor	19.1	12.2
booklets, leaflets	17.9	11.4
radio	9.0	5.7
post	5.5	3.5

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 173].

Table 6. Noticeability of online bank advertisements (by bank)

Bank	% of respondents who encountered online bank advertisements	% of the sample
PKO Bank Polski SA	33.0	10.8
ING Bank Śląski SA	20.5	6.7
Alior Bank SA	17.9	5.9
BZ WBK SA	17.8	5.8
Bank Millennium SA	16.3	5.3
mBank SA	12.8	4.2

Bank	% of respondents who encountered online bank advertisements	% of the sample
Crédit Agricole SA	11.5	3.8
Eurobank	10.9	3.6
Pekao SA	9.2	3.0
Getin Noble Bank SA	6.6	2.2
Idea Bank SA	4.9	1.6
Raiffeisen Bank Polska SA	2.6	0.8
BGŻ SA	2.1	0.7
Citibank Handlowy	2.0	0.7
BNP Paribas Bank Polska SA	1.9	0.6

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 175].

Table 7. Noticeability of insurance advertisements (by company size)

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	57.7	347	57.8	163	54.3	120	60.0
No	42.3	253	42.2	137	45.7	80	40.0
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015b].

Table 8. Noticeability of insurance advertisements (by media)

Medium	% of respondents who encountered insurance advertisements	% of the sample
TV	94.4	39.9
Internet	30.7	13.0
press	17.8	7.5
outdoor	16.5	7.0
booklets, leaflets	13.1	5.5
radio	8.8	3.7
post	8.8	3.7

Source: [Szczepaniec, Czuba, Pietrzak, 2015b].

2.4. Advertisements for mobile banking

5.5% of the surveyed SMEs encountered advertisements for mobile banking (conducting banking transactions on smartphones or tablets). Among the banks reported as advertised were PKO Bank Polski, ING Bank Śląski, mBank, and Pekao SA.

Table 9. Contact with mobile banking advertisements (by company size)

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	63.8	384	64.0	181	60.3	117	58.5
No	36.2	216	36.0	119	39.7	83	41.5
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 181].

2.5. Advertising on social media

2.3% of the surveyed SMEs encountered advertisements for bank services or products on social media (Facebook, Twitter, Instagram, internet forums, etc.). Among the banks reported as advertised were mBank, ING Bank Śląski, and Pekao SA.

Table 10. Contact with bank advertisements in social media (by company size)

Internet use	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	97.7	586	97.7	296	98.7	198	99.0
No	2.3	14	2.3	4	1.3	2	1.0
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 181].

3. Distribution channels of bank products

Internet banking is the most often used distribution channel (91.5%), followed by bank branches (90.1%), ATMs (72.4%), and telephone banking (22.8%). The companies under analysis use mainly Internet banking (67.3%) and bank branches (29.4%) as their basic distribution channels.

Table 11. Distribution channels of bank products (by company size)

Distribution channel	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Internet banking	91.5	548	91.3	287	95.7	189	94.5
Bank branches	90.1	540	90.0	276	92.0	184	92.0
ATMs	72.4	436	72.7	203	67.7	125	62.5
Telephone banking	22.8	136	22.7	73	24.3	56	28.0
Cash deposit machines	22.6	133	22.2	91	30.3	64	32.0
Mobile banking	12.3	74	12.3	32	10.7	27	13.5

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 111].

Table 12. Basic distribution channels of bank products (by company size)

Distribution channel	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Internet banking	67.3	403	67.2	206	68.7	141	70.5
Bank branches	29.4	177	29.5	84	28.0	52	26.0
ATMs	2.8	17	2.8	5	1.7	5	2.5
Telephone banking	0.5	3	0.5	1	0.3	1	0.5
Cash deposit machines	0.0	–	–	3	1.0	1	0.5
Mobile banking	0.0	–	–	1	0.3	–	–

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 112].

4. Internet and mobile banking operations

The collected data reveals that the Internet is the main distribution channel among the surveyed SMEs (86.3% of companies use it for that purpose). Internet banking is mainly used to control operations and balances (87.5%). Deposits are made and withdrawn and loan applications are filed most frequently in the bank (50.5% and 69.3%, respectively), while investment services are most often used online (5.7%).

Table 13. Internet banking operations (by company size)

Operation	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Transfer orders	86.3	517	86.2	266	88.7	176	88.0
Inspection of balances and transaction history	87.5	524	87.3	270	90.0	185	92.5
Making and with drawing deposits	38.2	229	38.2	116	38.7	85	42.5
Submission of loan applications	40.7	243	40.5	131	43.7	86	43.0
Investment services	5.7	35	5.8	7	2.3	4	2.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 114].

Table 14. Mobile banking operations (by company size)

Operation	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Transfer orders	11.1	67	11.2	31	10.3	26	13.0
Inspection of balances and transaction history	4.1	26	4.3	2	0.7	1	0.5
Making and with drawing deposits	0.3	2	0.3	1	0.3	–	–
Submission of loan applications	0.8	5	0.8	1	0.3	–	–
Investment services	0.5	3	0.5	1	0.3	–	–

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 114].

5. The market position of banks providing online and mobile customer service

91.5% of the surveyed companies use home banking (88.6% in 2014). Most of them (20.2%) use the services of PKO Bank Polski, followed by ING Bank Śląski (13.7%) and BZ WBK (11.1%). 12.3% of the surveyed companies use mobile banking (5.9% in 2014). Most of them (21%) use the services of PKO Bank Polski, followed by mBank (12.2%) and ING Bank Śląski (11.0%). The managers of the companies that do not use mobile banking were asked to justify this decision.

They most often stated that traditional and Internet banking meet their needs (80.8%).

Table 15. Use of Internet banking (by company size)

Use of Internet banking	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	91.5	548	91.3	287	95.7	189	94.5
No	8.5	52	8.7	13	4.3	11	5.5
Total	100.0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 117].

Table 16. Use of Internet banking (by bank)

Bank	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
PKO Bank Polski SA	20.2	111	20.3	57	19.9	41	21.7
ING Bank Śląski SA	13.7	76	13.9	33	11.5	18	9.5
BZ WBK SA	11.1	62	11.3	21	7.3	19	10.1
Pekao SA	10.6	58	10.6	31	10.8	28	14.8
mBank SA	9.8	54	9.9	24	8.4	13	6.9
Bank Millennium SA	8.0	44	8.0	22	7.7	11	5.8
Alior Bank SA	4.9	27	4.9	10	3.5	7	3.7
Raiffeisen Bank Polska SA	3.3	18	3.3	7	2.4	8	4.2
Co-operative banks	3.0	16	2.9	11	3.8	5	2.6
Bank BPH SA	2.9	15	2.7	16	5.6	7	3.7
Crédit Agricole SA	2.7	15	2.7	3	1.0	7	3.7
BGŻ SA	2.5	13	2.4	13	4.5	9	4.8

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 118].

Table 17. Use of mobile banking (by company size)

Use of mobile banking	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
Yes	12.3	74	12.3	32	10.7	27	13.5
No	87.7	526	87.7	268	89.3	173	86.5
Total	100,0	600	100.0	300	100.0	200	100.0

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 119].

Table 18. Use of mobile banking (by bank)

Bank	Total SMEs (%)	Micro-enterprises		Small enterprises		Medium-sized enterprises	
		no. of replies	% of replies	no. of replies	% of replies	no. of replies	% of replies
PKO Bank Polski SA	21.0	16	21.6	2	6.3	5	18.5
mBank SA	12.2	9	12.2	4	12.5	3	11.1
ING Bank Śląski SA	11.0	8	10.8	6	18.8	–	–
Bank Millennium SA	10.9	8	10.8	4	12.5	4	14.8
BZ WBK SA	9.6	7	9.5	4	12.5	2	7.4
Pekao SA	8.2	6	8.1	3	9.4	4	14.8
Bank BPH SA	5.3	4	5.4	1	3.1	1	3.7
Deutsche Bank PBC SA	4.0	3	4.1	1	3.1	2	7.4
BNP Paribas Bank Polska SA	3.9	3	4.1	–	–	–	–
Alior Bank SA	2.7	2	2.7	1	3.1	1	3.7
Raiffeisen Bank Polska SA	2.7	2	2.7	1	3.1	–	–
Bank Pocztowy SA	1.3	1	1.4	–	–	–	–

Source: [Szczepaniec, Czuba, Pietrzak, 2015a, p. 120].

Conclusions

The increasing market competition forces businesses to develop new methods of conducting their operations and make use of the opportunities arising from the rapid development of computer technologies. The Internet makes this possible for the firms that have thus far operated in traditional markets and intend to face these new conditions. Changes caused by the fast-growing interest in the Internet – both on the part of users and investors – require that companies redefine their marketing strategies. The increasingly common application of computer technologies to communication, information flows, market segment identification, product development, and distribution testifies to the emergence of Internet marketing. The Internet can be regarded as a new way of conducting business or a tool supporting traditional marketing and providing added value to customers.

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