

DIGITAL TRANSFORMATION INSIGHTS IN KOSOVO



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Introduction to Digital Transformation Insights in Kosovo

Digitalization is changing the way people live, work, and travel, and has opened up new opportunities for tourism businesses to compete in global markets. Digitalization is now the most important engine of innovation, competitiveness and economic growth in the world.

The **businesses of Kosovo** are in a strong position towards digital transformation, and manage to reach global customers and audiences in amazing ways, however they struggle to understand the opportunities and benefits that come from utilizing powerful tools such online sales channels, ERP Softwares, CRM Systems, etc. They still are heavily reliant to manual processes, lack quality data and their digital channels are in poor conditions, expect for some cases with strong social media channels.

Based on the insights gained while talking to the businesses in Kosovo, 10 companies as part of this study (2 in Tourism, 2 in Textile, 4 Wood Processing, 2 Food), one can understand that they need to evolve their business models, adopt digital technologies to effectively participate in global ecosystems, and take up new ways of data-driven working.

Current Digitalization Standing

Out of dozen businesses interviewed as part of the study, maybe more than 80%, were not at all online or at least had a coming soon on their website! Sometimes they have a superb social media presence, but that is their only source of truth, which is a big risk, if one of those social media marketing channels decides at one moment to disable their account or limit their functions because of a copyright claim or spam attack.

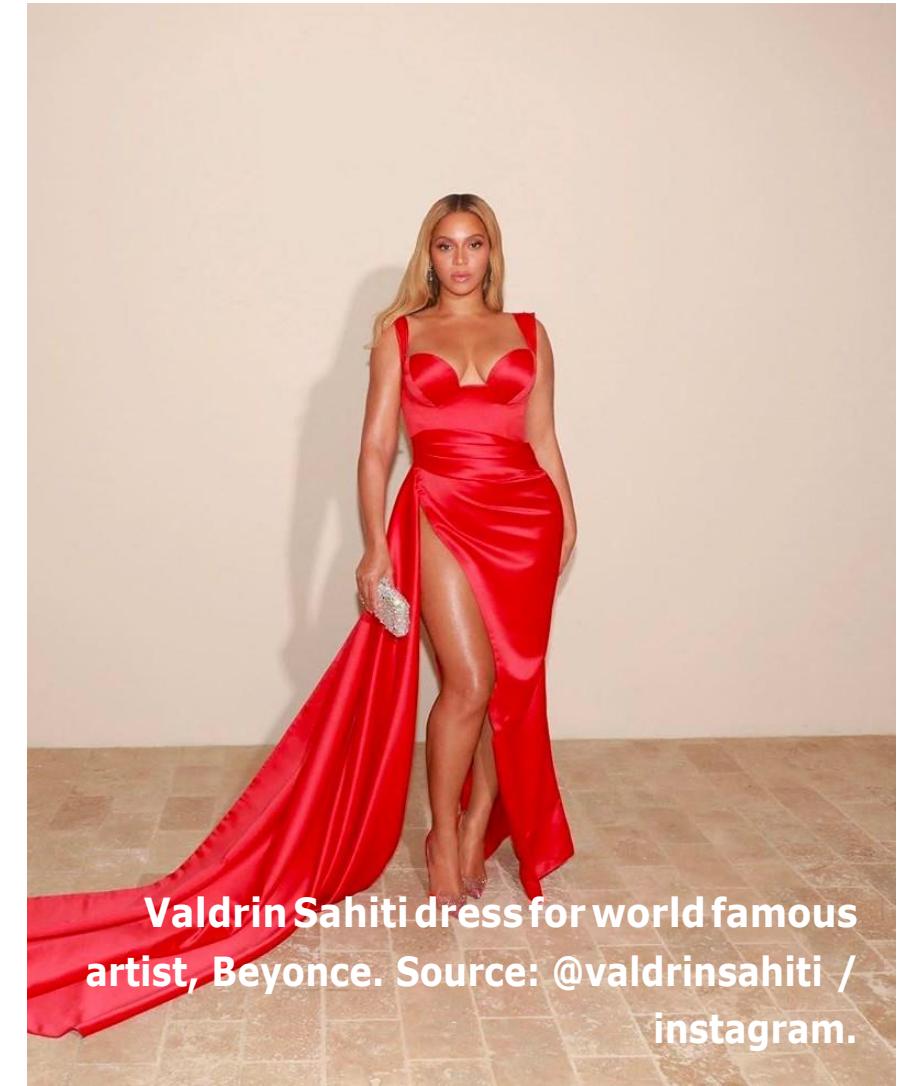
Business are aware of what it means to be digital and the importance of digital transformation, and they know that consumers have moved dramatically toward online channels, however their response towards this, needs to be greatly boosted in order to improve their track and progress on this.

Shortcuts to go digital

One of the easiest ways that businesses can make a shortcut to go digital is to invest in their digital stores. In today's rapid complex world, it is all about consumers and their preferences. eCommerce has always been a way for a higher reach to users worldwide. It makes easy to purchase products and services online. More than 75% of people are shopping online once as a minimum per month because of convenience.

Almost all businesses that we managed to interview as part of the project, didn't have a proper online store or even a functioning website. This is one of the first steps that they can take in order to go digital faster in a competitive online world.

They still find their way through Instagram or other social media channels, but the risks on such platforms are high, if everything is built around them!



Valdrin Sahiti dress for world famous artist, Beyoncé. Source: @valdrinsahiti / instagram.

Problems & Challenges

1. SMEs in rural or provincial areas have very little understanding or no understanding at all of digitalization
2. Cash-based economy is deeply instilled
3. Customer relationship is mostly managed in unstructured formats, spreadsheets or no tracking at all!
4. SMEs are more skeptical in digitizing order processing and purchase, but more prone to trying HR and stock management software
5. Transition from social media sales to an e-commerce is perceived as costly and inconvenient for the short-run
6. SMEs have very limited knowledge around the processes required for choosing the right bank (for payment gateway) and right post (for delivery)
7. E-mail is often not part of SMEs daily communication - phone (including Viber) still persists to be the most preferred mean of communication



Case Snapshot: Going global via Instagram

Instagram is a strong channel for fashion artists.

Valdrin Sahiti has a big audience of over 1.7 million followers on Instagram and close to 200,000 likes on Facebook.

Posts get thousands of likes and get re-shared by famous fashion magazines, artists, designers and celebrities, thus growing the reach towards thousands and thousands of fans and potential customers.

They reach out via Instagram DM or WhatsApp for orders!



Case Snapshot: Digital tourism

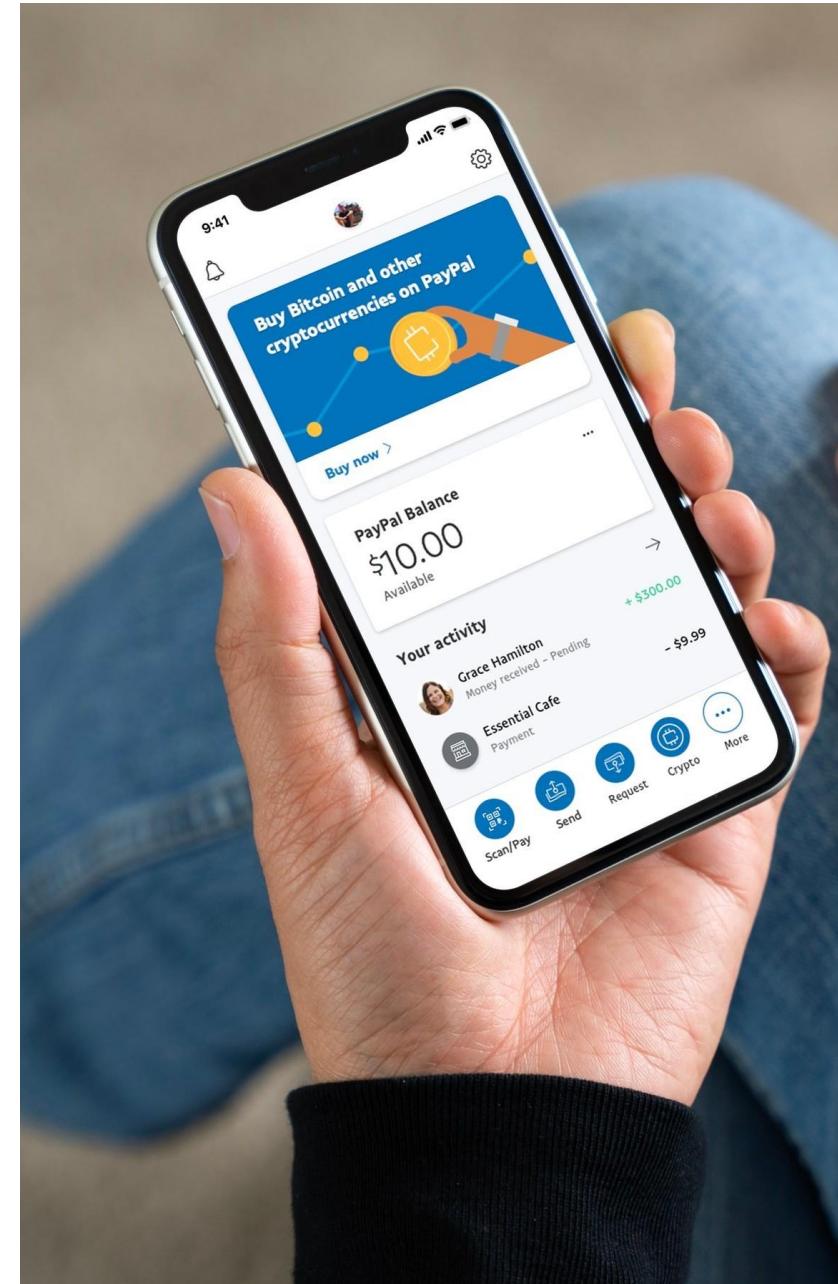
During the **pandemic**, the tourism sector has been hit the hardest, with those who have a full usage of digital service being able to do **some workarounds** and digital sales for customers who have been stuck at home or have been **unable to travel**.

Virtual Tours, Digital Information, Augmented Reality or Virtual Reality Apps are far from the market of Kosovo, but not far from being built as solutions to attract customers!

Business Impact from Digitalization

Similar to the issue with their web presence, almost 9/10 businesses interviewed had issues with receiving and collecting online payments. This was mainly due to the non-availability of payment solutions such as PayPal or other similar solutions, although there is a growing channel of fin-tech solutions in Kosovo, such as Paysera or IBAS, for which none of the companies that we talked, have ever heard about earlier.

Digital payments can increase their profitability by making financial transactions with customers and suppliers more convenient, safer, and cheaper. According to <https://www.creditcards.com>, in 2020, digital wallet usage in e-commerce increased by 23.7% year-over-year, accounting for 29.8% of all e-commerce transactions in the United States.



Lessons Learned

1. Understanding of digitalization exists, but means and tools are not present among 9/10 businesses.
2. 90% of the businesses are still cash driven
3. Some businesses are great at reaching out global customers via Instagram, WhatsApp or Facebook, yet they lack basic tools for customer tracking or data analysis
4. Businesses see social media channels as their e-commerce channels!
5. Businesses do not have staff or only one or two think of hiring dedicated staff for digitalization related purposes.
6. 9/10 do not have the financial means to invest in their digitalization processes.



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