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MARKETING DEPARTMENT

**THE BEHAVIOR OF RETAIL INVESTORS ON THE
BUCHAREST STOCK EXCHANGE AND MARKETING MIX
IN FINANCIAL INVESTMENT SERVICES COMPANIES**

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KEY WORDS

BSE, investor behavior, online trading, investment firm, online trading platforms, websites, marketing mix, promotion and placement.

INTRODUCTION

The functioning of the market economy is unthinkable without markets. Supply and demand meet on the markets, the price of goods and services is formed, buyers' and sellers' needs are satisfied (directly or through intermediaries).

The Romanian practice related to capital market and stock exchange is based upon the Anglo-Saxon philosophy. The meaning of stock exchange in this Ph. D. dissertation is the one used by EU bodies, namely: "a market in which securities are bought and sold. Its basic function is to recycle capital from savings into investments. It enables companies, governments and local authorities to raise finance by selling securities to investors" (http://ec.europa.eu/enterprise/glossary/index_en.htm). On this market, (known as secondary capital market) buying and selling are regulated by special procedures under the strict supervision of national and international authorities, and exclusively through *intermediaries*, assessed and approved by those authorities.

Among the stock market intermediaries, the financial investment services companies (*SSIF*) represent a dynamic component. They are placed between the investors and the securities issuers. Issuing entities pursue through stock market listing to get financial resources, and the investors wish to satisfy their desire to gain either through the bought securities price increase or through dividends (interest, etc.).

In the last 10 years the stock market encountered high volatility due to the economic crisis and its effects. As the links between the world's economies get stronger, the effects of the crisis have been spread rapidly, leading to increased concerns of governments and investors on the devastating crisis impact on their revenues. This was the general context in which the Ph. D thesis has been developed.

While market volatility driven by the increasing number of transactions and of new listed companies demanded the a higher number of *SSIF* type intermediaries, the tighter regulation of the stock exchange as well as the periods of economic stagnation led to reducing the number of intermediaries. Data from the stock exchange shows that, at least Romanian economy seem to recover after the economic crisis, which could demand again, an increase in the number of market intermediaries.

Confronted with the trend of stock market globalization and a king of general financial instability, *SSIFs* are challenged to constantly reassess their marketing strategies. Our dissertation might be taken as an attempt to contribute to *SSIFs'* effort to professionally deal with these challenges. In doing this, our aim is to accomplish the following objectives:

1. Set up a portrait of Romanian retail investors in terms of demographic, social and psychological factors (age, gender, income, residence, occupation, awareness, risk tolerance, investment preferences, ability to assimilate new information technologies, etc.);
2. Identify the elements influencing higher profitability of investor's portfolio;
3. Identify the factors behind the decision to shift from traditional trading (assisted) to online trading;
4. Describe the SSIFs' marketing mix, focusing on distribution and promotion through web pages.

To achieve these objectives three empirical studies have been conducted important parts of them being published (Petric / Iancu, 2010, 2011, 2015). Additional, an analysis of SSIFs' online trading platforms has been performed.

The thesis is structured in two parts. The first part is dedicated to Romanian retail investor on BSE and the second to SSIFs' marketing mix.

The first part, "Marketing behavior of retail investors on BSE" is split into three chapters. The *first* chapter, "The retail investor on the Romanian stock market", deals with the types of markets where the investor can trade various securities, stock market participants and the stages of trading on this market.

The second chapter, "Study on the behavior of retail investors on the BSE" addresses behavioral elements of retail investors. Based on the assumption that trading decision is influenced by multiple factors (socioeconomic, confidence in self decision-making capacity, ease of getting decision related information, risk tolerance), the chapter analyzes these factors from different theories and theoretical models perspective.

This chapter also deals with the findings of an empirical study (inquiry based on questionnaire shown in Appendix 1) conducted on a sample of 102 subjects. Based on the field literature reports and on personal experience (gained by the author as broker and marketing specialist in SSIF Broker), 19 hypotheses about the factors influencing behavior and decision of retail investors were developed: socio-economic, self-confidence, ease of getting decision related information, risk tolerance. An important part of this study is dedicated to the relationship between portfolio return and factors specific to the winning investor.

Chapter three, "Study on the trading trends on BSE" is dedicated to factors influencing the decision to shift to online trading. First the two forms of trading are theoretically compared. Then, some aspects of decision to shift toward online trading are approached: features of the online investor, motivation and factors of shifting to online transaction and choosing a specific

platform / SSIF, information sources, profitability (return) of online trading. The empirical study is based on a questionnaire administered on a sample of 82 subjects. Data analysis was performed using SPSS 20.

The first part of the thesis ends with key findings on marketing behavior of retail investors on the BSE.

The *second part* of the thesis, "Marketing in Financial investment services companies" (SSIFs) is divided into two chapters.

Chapter 4, "Financial investment services companies on the stock market in Romania", defines, characterizes and describes the phases of the SSIFs' emergence and evolution. At the same time, it brings into attention some macro and world economic factors harshening the competition between SSIF' and some ways to create competitive advantages.

Chapter 5, "Marketing mix in financial investment services companies. Promotion and placement" approaches in its first part, the *seven Ps* of marketing in SSIF (product / service, price, personal, process, physical evidence, placement, promotion). Special attention was given to the analysis of online trading platforms, to placement and promotion through web pages.

In assessing the SSIFs' web pages (2010), ProfNet approach was used (http://www.profnet.de/dokumente/2009/rptStudie_B_80_Welt.pdf). In this approach, the quality of web pages is assessed from the following four dimensions perspective: *content, layout, interactivity and handling*.

The thesis ends with "General conclusions. Limitations and future research" section in which are summarizes the theoretical and practical contributions of the research, too.

PART ONE. MARKETING BEHAVIOR OF RETAIL INVESTORS ON BSE

Chapter 1. The retail investor on the Romanian stock market

This chapter focus is on: types of markets in which the investor can trade various securities, participants on the stock market and stages of trading on the stock market.

In accordance with the securities traded, the stock exchange has several components: the stock market, bond market and financial instruments market. Transactions on all of these components demand the presence of three categories of participants (each with specific place and role): securities issuers, investors (clients) and intermediaries.

The Law 297/2004 groups the investors in *professional* and *retail* ones. The field literature provides other classifications too, such as: former investors, potential investors, current and former investors and non-investors (Olteanu & Vlad 2007); potential investors, active and inactive investors (Ratanjee, 2006); institutional investors and individual investors (Malmendier and Shanthikumar, 2007).

No matter the type of market (domestic or international, shares, derivatives, bonds, Forex, etc.) an investor type chooses, in order to set up a portfolio he should follow certain steps: option for a SSIF/ broker, opening an account (account opening contract and account opening application), placing trading order, transaction itself, payment due and portfolio visualization.

In the case of intermediaries on the stock exchange, the situation in Romania is comparable to that of Germany (the banks being among the intermediaries) and different from countries where only financial companies are authorized to perform trading on the stock market (Japan or USA).

CHAPTER 2. Study on the behavior of retail investors on BSE

The purpose of this chapter is to investigate the behavior of retail investors on the BSE. The basic assumption of the study is that the decision to buy or sell shares is influenced primarily by socioeconomic factors, confidence in own ability to make decisions, ease of getting decisional information and risk tolerance.

The *motivation* for this study comes from the author's scientific curiosity about marketing behavior of the main agents of the Romanian stock exchange: retail investors and SSIFs. Dissemination of the findings of such studies could contribute to: a better orientation of BSE marketing strategies; identifying opportunities for increasing the number of securities issuers; increase the volume of transactions; grow the SSIFs' profitability and accordingly, increase the retail investor's satisfaction.

The literature records several theories and models of retail investors' behavior in the stock market. A special place among these theories has the category called "standard finance". This addresses the investors' behavior on *effective, highly analytical and normative* stock markets (Johnsson et al., 2002). "Standard finance" theories comprise two distinct branches: the theory of *efficient market* in which people behave perfectly rational and process all available information (Shiller, 1997), prices incorporate all information and thus reflect the actual value of shares at any time (Johnsson et al., 2002) and the theory of *financial behavior*, the most important components of which being: *prospect theory* (Shiller, 1998), regret and cognitive

dissonance (Shiller, 1998), mental compartments (Shiller 1998, Shefrin & Thaler 1988) theory of overconfidence, over- and under- reaction and the representativeness heuristic (Shiller, 1998, Nofsinger, 2008), the theory of the disjunction effect (Shiller, 1998), the theory of "gambling" behavior and speculation (Shiller, 1998), the theory of history irrelevance (Shiller, 1998), the theory of magical and quasi-magical thinking (Shiller, 1998), the theory of attention anomalies and heuristic availability (Shiller, 1998), the theory of culture and social contagion (Shiller, 1998).

Among recent works, which address factors influencing investor behavior could be mentioned: Ngoc, Luu Thi Bich (2014), Fares & Khamis (2011), Barber and Odean (2008), Chandra & Kumar (2012). As for Romanian recent works on the topic: Dragotă & Șerbănescu (2010), Vasilescu and Vătui (2004a, 2004b, 2004c) and the Prognosis.ro study (2008).

The literature also provides various *models* of investor behavior. Most of them are based upon the paradigm that the investor's decision is rather influenced by his beliefs and attitudes than by rationality (Ratanjee, 2006).

To find out the factors influencing the Romanian investor, the aspects based on which he decides and his tolerance to risk, a survey using questionnaire has been conducted in two waves (2010 and 2015). The theoretical frame was set up through gathering, analyzing and sorting information from literature (according to their relevance to our study) and from official statistical data and analysis, posted on different websites.

Answers to the questionnaires (2010, 2015) reflect the opinions, attitudes and behavior of the subjects on the *degree of importance* of various factors in the investment decision and the degree of agreement or disagreement with the researcher's statements.

The survey was promoted by brokers from SSIFs located in Cluj-Napoca, through the "snowball" method. As the author lacked direct connection with most respondents, it was impossible to control certain characteristics. Also, the data collection period for the first wave (15 October-30 November 2010) was too short to get a sufficient number of subjects, thus the number of subjects with valid responses was 54. The small number of respondents and the closing of the web page hosting the survey (and inability to recover the data of every respondent) made the study repetition compulsory.

The survey was repeated between 1 February and 17 May 2015, the questionnaire being available online at <http://www.isondaje.ro/sondaj/360617510/>. Some new questions were added answering the changes happened in 5 years: a new type of market in the BSE (Aero) and a new product category to be traded on BSE (protected capital products). This time, the promotion of the questionnaire was more aggressive (reaching over 4,000 potential investors), leading to 102

subjects in the sample. Given the confidentiality of statistical data on investors and distribution of the questionnaire mostly through intermediaries, the calculation of a real *answer ratio* was not possible.

Beyond the descriptive analysis, aiming at providing an overview on BSE retail investors, a set of 19 hypotheses was formulated and tested (out of which 8 concern investor's demographic and socio economic variables and 11, psychological variables).

Data analysis was performed using SPSS 20 software.

The questionnaire was designed to answer questions about investor's behavior, namely:

a) demographic and socioeconomic attributes: resulted from the answers concerning the subjects' gender, age, residence, education, occupation, income, experience in stock transactions, use of online trading platforms and (optional) the reason of deciding to trade online;

b) psychological attributes of the investor: approached from risk tolerance, self-confidence and mental accounting perspective;

c) reasons behind the decision to invest on the stock market;

d) primary strategies in decision-making;

e) portfolio profitability.

Quantitative analysis of data on demographic, socioeconomic and psychological attributes of retail investors shows that:

- gender structure of investors significantly differs from that of Romania's population (female vs. male investors' ratio is 1:2);

- young began to be more interested in stock investment;

- female enter later in the world of stock exchange transactions;

- graduates and postgraduate can be targeted easiest;

- about half of the 102 respondents in 2015 are newcomers, therefore they have little or no experience; they are aged between 26 and 35 years; both women and men have similar presence in all four categories of experience (0-2 years, 3-5 years, 6-15 years, 15 years);

- youngsters presence is below expectations and older presence is significantly higher than expected in the non-users of online platforms category; the main factors of higher chance to use the online trading platform are: age (18-25), activity in private sector (employee or entrepreneur – liberal profession) and average experience in trading on the stock exchange (6-15 years); the motivation for using online trading platform can be found in: convenience of

transactions (28%), availability of the portfolio (26%), ability to quickly react to any occurring event in the stock market (23%);

- men perceive risk in a more neutral manner, as a state of uncertainty, while for women, it has a rather negative connotation, of loss; the older are the most positive about the representation of risk; young people (18-25) record the lowest level of perceiving the risk as having a neutral nature;

- women aversion towards risk rose in 5 years; it is confirmed that women have a higher risk aversion than men;

- older Romanians seem to be ready to take big risks for big gains;

- there is a correlation between the income level and taking risks in order to get bigger profits;

- there is a correlation between risk and propensity to use online platform; thus, the users of online platform assume a greater risk to get bigger profits (54.1%) compared with non-users (34.1%);

- a higher number of women seem to be ready to invest in risky shares in 2015 (compared to 2010); χ^2 value reveals an association between gender and agreement / disagreement with the feeling of being comfortable to invest in risky shares;

- males (66.2%), young (18-25), old investors (77.2%), private employees (67.4%), those with incomes exceeding 10,000 lei annually (68.0%), 100% of the investors having over 15 years of trading experience and those with 3-5 years of experience (91.7%) assume the success of their investment on a higher degree;

- men feel accountable on a greater extent both for their investment decisions and the decisions' outcome;

- education is negatively associated with the accountability for investment decision outcome;

- the use of the online platform is determined by the accountability for the taken investment decisions and for the outcomes;

- it seems that occupation, income and use of online trading platforms are the only factors associated with the statement "I have more knowledge about investment in shares than most of investors";

- BSE experience and use of the online trading platform are powerful determinants for knowing the following terms: *per*, *split* and *bid*; the formal education does not guarantee the rapidity of learning specific stock market language; partial knowledge of *per* and *split* concepts

are associated with the investor's reaction when selling shares; it seems that those greatly influenced by market panic, master less knowledge of the two concepts;

- there is an important association between the number of *symbols* held in the portfolio and the trading experience of investor; online traders have significantly more symbols in portfolio than the non-users of these platforms (63.4% of non-users have a maximum of 2 symbols, while 59% of users have 3-5 symbols in the portfolio);

- the investors with average level of trading experience have higher proportion of speculative shares; as knowledge accumulated in the stock market increase, risk tolerance and propensity for speculation increases, too; investors with more than 15 years of trading experience, display less attraction to speculation; men are willing to risk a larger part of the portfolio for this type of transactions (44% of them have 20% of the portfolio for speculation stock).

- women prefer a low risk portfolio (61.8% do not have a dedicated part portfolio for speculation).

- assessment of profitability does not record statistically significant jumps; the only differences are recorded in the following cases: *category 1* shares, perceived as more profitable by investors with an average experience of 6-15 years (mean value 4.03) compared with those without experience (mean value 3.47), *shares in the international* market, perceived as more profitable by young people (26-35 years; mean value 3.68) compared to older (mean value 2.70), *shares in international market*, perceived by those belonging to private sector as more profitable (mean value 3.70) compared to unemployed (2.77) and *capital protected products*, valued as more profitable by entrepreneurs (mean value 3.76) compared to unemployed (mean value 2 , 62).

16 out of 19 hypotheses have been validated and 3 rejected by our findings.

Empirical studies have shown that the main *motivation* of investing in stock exchange is the hope of increasing the share price both on long-term and short-term (Lease et al. 1974, Dorn & Huberman, 2005, Yeoh, 2010). Our study confirm this finding (most of our respondents giving a great importance to the increase of the long-term share price). Through the factor analysis, the 5 items (short-term price increases, long term price increases, dividend, fun and pride/ego) have been reduced to *three dimensions*: short and long-term gain, dividend and non-lucrative motivation (fun, pride, ego). Socio-demographic factors and investment experience have got an extremely low capacity in explaining the importance of lucrative incentives. The only connection observed was that between age and pride / ego. Young (26-35 years), older over 65, choose pride / ego as of high or very high importance in investment decision.

The main source of information in shares selection is the internet, used often or always by 59% of respondents. It is followed by fundamental analysis provided by SSIFs' web page (50% of investors studying them at least *frequently*) and annual reports of companies issuing the shares. Factor analysis helped in reducing the 6 items of question (annual reports and the website of the companies that investors wish to buy, fundamental analysis on the SSIFs' website, own technical analysis, broker, family, friends, non-internet financial press and internet) in *two dimensions*: information of paramount importance (press, internet, broker, family, friends) and information of secondary importance (own technical analyses, company's annual reports). No statistically significant differences were identified regarding the first dimension. Regarding the second dimension, it seems that this type of sources are less used by those who are not so familiar with new technologies: older over 65 years, and non-users of online trading platforms.

The Romanian investor was less sophisticated in 2010 than in 2015, fact resulted from the large number of respondents (67.9%) who based their purchase decision on the recommendations of others, corporate reputation, media information or market information. Without identifying important associations between investment decision and socio demographic variables, should be noticed that women tend to be guided to a greater extent by the company's reputation (26.5%) compared to men, who are more concerned about market information (17.6%). Investors who either do not assume responsibility for the results of their investments, nor consider themselves as the primary decision makers tend to take into account in a greater extent the other people's recommendations, while those who do not take risks, tend to make decisions to a large extent based on the company's reputation.

In 2014, almost two thirds of investors ended the year with a profit of maximum 20%. Women recorded lower profitability than men, investors with less experience (0-2 years) are found in the zone *0 loss - 0 win* (29.8%); 73% of online investors have achieved profit (51.2% of the "assisted"), 50% of those who get information from the media, guided by others' recommendations or by the issuing companies' reputation make a profit of 0% -20%; 75% - 85% of the investors using information from the market or fundamental analysis, recorded a profit of 0% -20%.

Chapter 3. Study on the trading trends on BSE

In terms of marketing, online trading is a new channel of distribution for both BSE and any other stock exchange. It requires a specific platform, created by SSIFs. The Internet shortens the link between investors and the products they wish to purchase (shares, futures, CFDs, government securities, bonds, etc.), because it no longer demands the presence of a broker. Increasing use of the Internet and increasing competitiveness between SSIFs demands the latter to seek new distribution channels.

The study on trading trends on BSE is based on the premise that online trading platforms are used on a larger scale, becoming a tool of the marketing strategies for getting customer loyalty.

Starting from H8 hypothesis (confirmed in our study on retail investors behavior/ Chapter 2) according to which an experienced investor prefers to adopt investment decisions on his own, we suggest SSIFs to turn to new services that would ease the decision making behavior. Basically, based on field literature, the author's personal experience and a methodology developed and used by Jobman, and Depilla Salcedo (2003) (adapted to the Romanian stock market specific) this empirical study aims to answer the following interrogations:

- Which are the prerequisites and what is the need for online trading?
- Which are the benefits and disadvantages of online trading, compared with those of traditional trading?
- Who is the online investor in terms of gender, age, education, knowledge in internet use and trading experience?
- Which is the motivation/are the motivations of the online trading decision?
- Which criteria are taken into account when choosing a SSIF for online transactions?
- What sources of information are used in the individual decision on online trading?
- How to explain the higher profitability of the portfolio created online compared with the one created with the broker assistance?

Analysis of previous research findings lead to the special importance of addressing the following theoretical aspects of online trading:

Technological capabilities (IT) of the SSIFs

Online trading is done on certain trading platforms created by each SSIF, in accordance with what it want or can offer in terms of information. To trade online, the investor needs

knowledge of Internet use. The trading orders are introduced by investor on the platform provided by SSIF and arrive at the stock exchange via the SSIF the investor has opened an account. All orders and transactions made by the investor are stored in the SSIF's database (DB). The execution order can be tracked by the customer through the platform, in real-time.

Online trading costs versus traditional trading costs

In addressing the influence of the costs (in terms of fees/transaction commission) on the decision of online trading, findings of previous studies are contradictory. Some authors consider the cost has determinant / major influence (D'Avolio et al., 2002). Others assert the cost has no importance. For instance, according to a US study, only 52.5% of respondents consider transaction commission as being very important (Jobman et al., 2003).

Creating additional value through information provided by SSIFs on the online trading platforms

In fact, on online trading platforms and on their web pages, SSIFs can provide additional value through many services, such as the following: presence of demos, news about the stock market, SMS alerts, international alerts, alerts for major changes in share prices.

Benefits of trading online are linked to lower costs than those of traditional trading (Kim, 2000; Voss, 2000), reaction speed (higher in online trading in a highly volatile market (Jobman et al., 2003), transparency, increase of market liquidity (Kang, 2003), avoidance of broker indiscretion and avoidance of excessive transactions (Bakos et al. 2005).

Among the *disadvantages* of online trading could be mentioned: less profit for SSIFs (Barber & Odean, 2000; Choi et al., 2002), customer deprivation of information usually provided by broker (Nilas, 2009), increased „information noise "(Madhavan, 2000), investors' over trust in their own strength (Barber & Odean, 2000), investor's higher risk in deciding based only on price (neglecting other variables and creating the illusion of efficiency) (Bakos al. 2005), need to prove the needed money at the moment of transaction, investor's impossibility to visualize the hidden orders, placed by other investors.

The chosen method to investigate trends in trading on BSE, especially the investor's decision to move from traditional trading (assisted by broker) to the online trading, was a random and non-random questionnaire based *sampling*, based on accessibility and reasoning. Most of the questions are closed, with multiple choice (giving the chance to choose one or more answers). There are also questions with scaled answers (Likert), needed for measuring the intensity of respondents' opinions towards statements concerning the respondents' level of agreement about the importance of various decisional factors in shifting toward online trading,

training and experience in the stock market, confidence in own abilities and methods of information for decision making.

The sample has 82 respondents. Unfortunately, the lack of information about the number of retail investors trading online, did not permit us to compute the sample size on a scientific basis. Therefore, we can only say that this study can be considered as exploratory, the findings being specific only to the investigated sample (cannot be generalized to the population of retail investors).

The approximate number of people receiving the questionnaire is 5000. The data were processed using SPSS 20 software.

The empirical study was adapted to the specific Romanian stock exchange and structured as follows:

- ✓ online investor characteristics in terms of gender, age, education, trading experience and experience in using the Internet. The findings show that the majority of investors are male (62.2%), between 26 and 35 years old, possessing postgraduate (53.7%) and graduate studies (42.7%), considering very important and important to have knowledge in using the Internet, valuing as very important and important the knowledge related to the companies analysis (50%), advised in the past by a broker (65.9%) and decided to shift to online transaction after 1-5 years of "assistance" provided by broker (51.85%). Personal trading experience is of great importance for 45.1% and of very high importance for 29.3% of the respondents.
- ✓ shifting toward online trading is primarily motivated by the opinion that investors have decided to get self – informed, considering the brokers as less informed than themselves
- ✓ in terms of the influence of decisional factors like fashion, convenience, illusion of knowledge, time, relation with SSIF and cost, our study shows the following:
 - 20.8% of respondents are influenced to a great extent by the ads, by what is fashionable to trade online
 - 85.4% believe that "trust your own judgment" is very important or important in the deciding to trade online;
 - the broker's impact on the decision to go online was *neutral* for 34.1% of the subjects, high for 34.1% and very high, for 11% of them;
 - the short time required to make online transactions is the most important factor in the decision to shift to online trading;
 - for 29.3% of the subjects the lower fee of online trading (commission) is very important.
- ✓ the most important criteria in choosing a SSIF for performing online transactions

are: possibility of visualizing the portfolio evolution in real time, 24 hours availability of trading system, efficient execution of orders.

✓ most used sources of information in deciding to trade online are: own analysis, personal knowledge about technical and fundamental analysis.

✓ In analyzing the portfolio performance in shifting from assisted online trading, our study reveals that 50% of subjects achieved identical profitability, 37% got higher and 13% lower profitability than during the period of offline transaction; the portfolio profitability is lower when trading online for the investors assisted in the past by broker for a short period (compared to that of investors assisted in the past for a longer period by broker).

PART TWO. MARKETING IN FINANCIAL INVESTMENT SERVICES COMPANIES

Chapter 4. Financial Investment Services Companies on the Stock Market in Romania

Financial investment services companies are an important segment of the intermediaries operating on the Romanian stock market. Article 6 of the Law 297/2004 defines Financial Investment Services Companies (SSIFs) as ... "legal persons established as joint stock companies issuing registered shares, according to the Law no. 31/1990, which provide exclusively investment services and work only with the C.N.V.M. authorization" (Monitorul Oficial 571/29 June 2004).

40 intermediaries were active in Romania on April 16, 2015, out of which 29 Romanian SSIFs (www.bvb.ro). In 2010 (the moment of our first study) were active 58 (Petric, 2011), while in October 2014, were registered on Romanian Stock Exchange only 32 SSIFs. A simple mathematics shows an activity concentration by 50%. In just 18 years (1998-2015) there is an 84% decrease in the number of SSIFs.

Taking into account that the services provided by SSIFs have a high degree of reproduction, inseparability, perishability and variety, it is very important to distinguish them from the competitors' ones, through certain elements. The differentiation could be achieved through higher value attached to services, in the benefit of the customers.

The international trade literature (Michael Tracy and Fred Wiersema in Kotler & Armstrong, 2008) points out that the competitive advantage gained by offering added value, allows progress towards dominant market positions. This problem is rarely approached in Romanian literature, in such cases, being evoked the fact that in services "is much more efficient to have customers than to seek for customers ..." (Cetina, 2001). Furthermore, competitiveness does not only reflect on the relationship between SSIFs because they constantly compete with other financial institutions, like banks, for example. Harvesting the opportunity brought by the banks' current policy of lowering the interest rates, SSIFs can attract new investors by creating new products suitable to the level of risk they are prepared to take on.

Chapter 5. Marketing Mix in Financial Investment Services Companies.

Promotion and Placement

This chapter describes the seven elements of the marketing mix specific to the financial services (Product, Price, Personal, Physical evidence, Process, Placement and Promotion), focusing on placement and promotion.

The key element of the marketing mix is the *product* / service. For this reason, marketing strategies should be designed around it. A product/service has market success if its strengths and advantages offered to buyer / investor are highlighted (Cetina, 2011). Depending on the services' properties provided by SSIFs, they can be classified as *general* services (main and auxiliary) and specific services.

Another element of the marketing mix is the *price* paid by the investor for the services got from SSIFs. The price is the only element of the marketing mix that generates *revenues* for the company (Kotler, 2008). Most of the times it is reflected in the amount charged per transaction (*fee*) (the investor can also have access to other services offered by the investment firm, for a certain price).

Personal is one of the few tangible elements by which investors interact with SSIFs. According to the CNVM Regulation 32/2006 (www.asfromania.ro), the investment firm must have the following personnel: sockbroker, internal control staff, internal audit staff, financial analyst, manager, accountants, assistants and others.

The *process* is the part of marketing mix that ensures availability and quality of services in order to balance supply and demand (Yasanallah & Vahid, 2012).

Part of the marketing mix, the *physical evidence* is a tangible element, which distinguishes an investment firm through headquarters, branches and agencies architecture,

furniture, equipment, cars, etc. and through the physical evidence of SSIFs' activity and relationships with customers and various bodies (set by the nature of their work and legislation): contracts, account opening, requirements for cash and shares transfer, tax returns etc.).

The *placement* (distribution channel) of SSIFs' services is influenced largely by the technological capacities of the company, competition, targeted segments of investors and moreover, by factors like legislation and international environment. It is peculiar to each type of products / services provided by SSIFs: own service, BSE indexes, other securities (than shares).

According to the *nature* of the distribution channel used by SSIFs, it may be *offline* through branches and agencies (with the assistance of a broker or agent) or *online* via Internet (with no broker/agent support). As Internet expands, online trading are gaining ground. This trend should be considered in developing the marketing strategies of SSIFs, through which new instruments are made available to investors. One such instrument is the *online trading platform*.

Online trading platforms provide multiple *benefits* to users, such as reduced fees, portfolio vizibility in real time, cash or shares transfer in their accounts, access to multiple markets (SSIF Broker or Tradeville offer their customers access to over 100 foreign stock exchanges), fast transactions, transactions transparency, access to technical and fundamental analysis, news alerts on portfolio symbols, etc. Assuming that in Romania there are more and more experienced investors, who no longer need advice in purchasing or selling shares, we wanted to assess the strengths and weaknesses of online trading platforms offered by Romanian SSIFs.

20 online platforms have been assessed using the following criteria: *content, minimum amount required to open an online account, average speed of processing orders and interactivity*. Some of the criteria were similar with those used in a previous study aiming at assessing the SSIFs web pages quality (Petric 2011). Personal experience of the author in the relationship with the customers of SSIF Broker, Target Capital and BT Securities was of a great help, too.

In terms of online trading platforms *content*, the following findings should be mentioned: 6 of 20 SSIFs offer a *demo* version, 13 SSIFs offer the possibility of online transaction on BSE, 7 on SIBEX and 5 on international markets; 12 web pages do not provide information about the types of orders accepted on the online platform; at least 3 SSIFs offer the possibility to use all types of orders via online platform; 9 SSIFs do not provide information about the traded products; most of SSIFs offer the opportunity to trade shares online; 8 SSIFs provide

fundamental analysis, 7 provide technical analysis and 6 offer the possibility of customizing the platform.

The minimum amount required to open an online account, is between 0 (two SSIFs) and 10,000 lei. The highest amount is requested by Tradeville. It can be seen a big difference (between the minimum cost required limits), even if (at least in *prospect theory*), the costs of creating and maintaining the platforms are identical. Tradeville, however carries out the most aggressive promotion and has one of the most complex platforms, so the costs can be justified.

Time management criterion is best described in SSIFs' pages. All SSIFs giving information related to online trading, offer the possibility of real-time viewing the portfolio. The two SSIFs providing information about the average speed of order processing, confirm a speed of 2 seconds. The complexity of this criterion was measured with a 9-point scale (1 is the presence of a single dimension of time criterion, 9 for the presence of all dimensions of this criterion). SSIF Broker and Tradeville received high scores (8). From this point of view, the weakest SSIFs are Prime Transaction and Interfinbrok Corporation (1 point each).

Our analysis confirms the findings of a previous empirical study (Petric, 2011), i. e. that the "interactivity" criterion is the most neglected by SSIFs web pages. Exception is provided by BT Securities, Tradeville and Estinvest, all offering nonstop assistance. The only companies giving the customers information about their taxation obligation are Tradeville, Goldring and SSIF Broker. Finally, information about chat rooms/forums are provided only on the platforms of Tradeville and SSIF Broker.

The promotion methods used by SSIFs for their products or services and intermediation, are offline (traditional) and online (via internet).

Based on the field literature, including the one related to promotion of banking services (Adam, 2011), the thesis describes some types of *offline* promotion methods used by SSIFs: personal communication, advertising, sales promotion, public relations, carriers and organization identity. As the literature emphasizes, offline media can increase the number of visitors on the website (Bellizzi, 2000), thereby increasing the effectiveness of online promotion.

Specific methods of *online* promotion enable real-time knowledge of the investors' behavior and can also approach them most effectively. The main advantages of these methods are efficiency, sustainability, possibility of addressing to a large number of users, time and costs saving (Gheorge et al., 2010).

For more and more people, Internet represents the most important mean of communication, which means that SSIFs marketers have a variety of tools on hand, the most

important being: E-mail Marketing, advertising, search engines, networks socialization, M-Marketing and promotion through web pages.

Due to the relatively low cost of information and communication technologies and its increasing power, companies are using Web pages to improve their image (Bonson & Escobar, 2002) or to get competitive advantages.

In assessing Romania`s SSIF web pages of 2010 (Petric, 2011) it was used the method developed by ProfNet Institut für Internet Marketing, Munster. Specifically, our study was guided by ProfNet report on worldwide banks websites (2425 banks in 183 countries (http://www.profnet.de/dokumente/2009/rptStudie_B_80_Welt.pdf) and after the studies made by Catania et. al (2006, 2007). Data were collected and processed in September 2010. Each web page has been analyzed according to 124 criteria and grouped into four dimensions: content, interactivity, navigation and layout. Each criterion got a score based on the presence / absence of that criterion and its importance. The maximum possible score was 91.5 points, distributed as following: "content" (33.5 points), "layout" (23 points), "interactivity" (18 points) and "navigation" (17 points).

The first step of the study was to count the SSIFs holding a web page: 51 of the existing 58 (<http://www.bvb.ro/Intermediaries/SSIFuri.aspx>). The only criterion to which all SSIFs have maximum score is "Top Search Engine Position". High scores are achieved on "mandatory" criteria / information (CNVM Regulation 3/2002): head and secondary addresses (96.08%), ID attributes: phone, fax or e-mail (96.08%), names of Board of Directors and the Executive Management members (92.20%), name of shareholder (92.20% of companies with web pages), description of provided services (96.08%), at least the last annual balance sheet (74.50%);

The study shows that no SSIF provides a "children's corner", a page with "answers to media," "screensavers" or "save images to the computer." Criteria as "photo of the company", "operating hours", "photos of Board members", "interactive games" or "campaigns of the company" had low scores, too. Or, for investors to decide for their own interest, SSIFs' web page should provide complete information (Singer & Cacia, 2009).

Appearance (layout) dimension of the web page is not very well highlighted. Criteria as "text version of the page", "use of the cameras' with transmission in real time," "3D imaging" or "Webphone" are completely neglected.

Interactivity is the most neglected dimension: out of 24 evaluation criteria of this dimension, 9 have not obtained any point (e.g. "Service callback," e-card ", " chat ", " Forum ", " card guest ", " online information for the company brochure ").

From the *navigation* point of view things are looking better. Out of the 51 analysed websites, 48 were opened effortless, browsers were compatible, and 49 had fixed navigation screen with screen compatibility. Among the shortcomings detected, several pages did not provide thumbnails or "jump to the previous page" button. The highest score obtained for this feature was 13 (maximum possible 17), so there are many things to improve in this respect.

The conclusion of the study is that all SSIFs have deficiencies when discussing about their web pages. Even the top ranked SSIF - Intercapital Invest (in terms of cumulative score on the 4 dimensions), got only 58 points out of 91.5 (according to ProfNet approach).

Based on the findings of the study conducted in 2010, the author suggested SSIF Broker in 2014 to modify its web page. The project was completed with the contribution of the entire team of SSIF Broker in May 2015.

CONCLUSIONS. LIMITS AND FUTURE RESEARCHES

In the seven years of work on the dissertation, the author's vision on its content and structure has been refined under the pressure of challenges coming from different environments: economic (crisis of 2008-2010), legal (suppression of XMBS, establishment of AeRO market), informational (easier access to the internet), scientific (participation in conferences, access to international databases literature), professional (broker for SSIFs, assistant professor in higher education, marketing expert for SSIF) and private. During this period, the stock exchange itself went through episodes of boom, crisis and rebirth, bringing observable effects on all the participants (issuers of securities, SSIFs and investors).

In what follows a summary of the most important conclusions of the dissertation are delivered.

The dissertation topic is of *major importance* for economic and legislative theory and education as well as for practice (SSIFs, BSE, issuers of securities, regulators, investors). From a *theoretical* standpoint, the most important contribution to the field literature is the *marketing approach* of the retail investors' and SSIFs' behavior (the most cited works use the behavioral finance in dealing with the retail investor and the legal regulations, ethics and market manipulation in dealing with SSIFs). Should be added that the assumptions / hypotheses and the questions on the investors questionnaires were made both by synthesizing the findings of other studies on the "psychological behavior," "financial behavior" and "behavioral economics" and on the personal experience as SSIF employee. Another emphasis is on the fact that in the

SSIFs web pages assessment, it was used for the first time the ProfNet model. The thesis also adds value to literature, through real life examples from SSIFs (mainly SSIF Broker).

From a *practical* standpoint, our findings are primarily useful to SSIFs. All the thesis suggestions and recommendations can be put into practice in their benefit and, therefore, in the investors benefit. Of a great importance are those that would help in creating and developing a new organizational culture in SSIFs (having as core, the investor's needs and expectations):

- developing / updating the services portfolio offered through "e" and "M" channels (for example, fundamental analysis, market opportunities notifications, new products promotion, new trading facilities etc.);

- increasing the importance of promotion through search engines and social networks;

- customizing the information based on customer/investor status (current or potential investor);

- setting up periodic meetings with certain customer segments, for presenting investment opportunities on BSE;

- choosing the most appropriate competitive strategies based on the advantages derived from the SWOT analysis (based on the strengths and weaknesses identified in the paper, for the web pages and online trading platforms);

- drawing strategic positioning maps (e.g. using the services range and the web pages features as criteria) etc.

- promotion campaigns targeting potential investors (the older, young people under 24 years old freelancers), foreign investors, which means that information on the SSIFs' website are available in at least one foreign language.

The changes caused by implementing the thesis proposals by SSIF Broker can serve as practical *case study* in financial services marketing seminars (for example, through webinars). For BSE is of great interest the need for more transparent activity, for example by publishing and updating statistics on the number of retail investors, volume of online transactions, comparative analysis of yield on securities etc.

The research's findings on the characteristics of the retail investors and their decisional factors, as well as those related to "placement" and "promotion" of SSIFs services through channels in line with technological developments and investors' expectations could be helpful to the stock market authorities in updating the legislative framework. The mentioned beneficiaries of the findings might intensify their effort to educate the current and potential investors, through formal education and forms of lifelong learning.

A. Conclusions on marketing behavior of the retail investors on BSE

Out of the 19 proposed hypotheses about the marketing behavior to retail investors, 16 were validated and 3 rejected.

Validated Hypothesis:

H1. The *age distribution* of female and male investors is different. Starting from the idea that investing in the stock exchange presumes a certain level of risk, and taking into account a previous research findings on women aversion to risk (higher than in the case of men), as well as on a lower presence of women in business, the hypothesis validation was expectable. This fact nurtured the belief that women are reluctant to stock exchange investments. They may be attracted by SSIFs through promoting less risky products.

H2. The urban investors' ratio in the total number of investors on BSE is higher than that of the urban population in the total population of Romania. Two explanations could stay behind the validation: income per capita and de educational level differ in the two environments (both higher in urban areas).

H3. The ratio of higher educated investors in the mass of BSE investors is higher than that of higher educated people in Romania's total population. This hypothesis was validated by the findings of the two waves of our study (2010 and 2015), in line with other Romanian researchers' findings on population distribution according to the level of education. It is obvious that a condition for investment on BSE is holding financial resources. Or, usually the income increase along with increased education.

H4. The ratio of less unexperienced investors on BSE (maximum 2 years) is higher in 2015 comparing to 2010. We believe that the main reason of this hypothesis validation is found in the national and international economic context characterized by increased revenues and yields on the stock exchange. Another reason may be that SSIFs and BSE promote services through lectures and seminars among young people (university level) or through sponsoring contests for novice investors regardless of age (<https://iq.bvb.ro/About>) etc.

H5. *Young investors (18-25) use the new trading technology (online platform) in a higher degree (than other investors)*. Public data shows that the frequency of using new technologies (internet, computers, or performant phones) decreases with age (http://www.insse.ro/cms/files/statistici/comunicate/com_anuale/tic/tic_r2013.pdf), or as the use of online trading platforms requires internet and computer related knowledge, the validation of this hypothesis could be expected. Moreover, younger age, private sector employees (including entrepreneurs and liberal professions) and average trading experience on the stock

exchange are other factors contributing to increased use of the online platform. The subjects reported as motivators of using the platform: convenience of transactions, portfolio availability and the ability to react quickly to any event occurring on the exchange.

H7. *Income level has no influence on decision to trade online.* An important factor in deciding to trade online is the *lower cost* of such transaction (commission) (than in assisted trading), regardless the investor's income.

H8. *Online trading decision is positively correlated with the investors experience in the stock market.* Trading alone (unassisted) requires some knowledge of both the specific terms and the strategies for setting up portfolios. Most of the time, this knowledge is formed mainly on the basis of experience in trading (*learning by doing*). Online trading is a new phenomenon, developed only in recent years (at least in Romania). If in traditional trading, the customers got explanations on all the movements in portfolio generated by his trading orders, in online trading he must learn all the aspects / conditions of such transactions (including the transfer of cash or shares).

H10. *Men assume greater accountability for their decision to invest in certain shares than women.* Our findings show differences in risk perception by gender: men perceive risk in as a state of uncertainty (as something neutral), while women rather as having a negative connotation (as a loss). Based on the fact that taking an investment decision on BSE is accompanied by accepting a certain risk, the validation of H 10 is logical.

H11. *The users of online trading platforms feel more responsible for their investment outcomes than the assisted investors.* The shift to online trading presumes taking personal accountability for own trading decision. Common sense and basic logic support our findings and helped to confirm this hypothesis.

H13. *Experience in trading on BSE determines the knowledge level of the terms "per", "split" and "bid".* Our findings prove that longer the trading experience, better the level of knowledge of these three terms. Obviously, as an investor get higher experience, his capacity to get information grows.

H14. *On line investors' knowledge and understanding of the terms "per", "split" and "bid" is higher (than that of assisted ones).* The findings validate this hypothesis, confirming once again the universal law of experiential learning ("learning by doing").

H15. *Investors influenced by panic when selling shares, possess less knowledge of the terms "per", "split" and "bid".* Our findings show that knowing the technical language not only facilitates communication, but it also gives the investor overconfidence in his capacity to properly understand existing information and answer accordingly. When investors do not

associate their trading decisions with their own knowledge, it is normal that to be affected by panic.

H16. The number of symbols held by an investor is positively correlated with BSE experience

Our findings show a significant association between the number of symbols held in the portfolio and the experience as an investor in the stock market. These results are not surprising, as diversification is a known and verified strategy in all economic fields (not only in stock market investments).

H17. The number of symbols held by an online investor is higher than the one owned by an attended investor. Our findings confirm the results of a BSE study ([http://www2.bvb.ro/Investors/files/Survey% 1% 202014.pdf](http://www2.bvb.ro/Investors/files/Survey%1%202014.pdf) 20H), showing that online investors have more symbols and make more transactions in the stock exchange than those assisted by SSIFs. A possible explanation for these results is that online investors are tempted to do more operations than they would normally do as they have always trading instruments and information at hand.

H18. *Investors with portfolios for speculation trade online more than other investors.* If we consider that speculation are transactions aimed to increase the profit on short-term, and making such risky operations implies high attention and focus on the market and media information, we can say that online platforms satisfy these conditions. However, with the increasing volume of transactions increases the weight of shares used for speculative trading, too.

H19. *Men have higher ratio of speculative shares in portfolio than women.* The explanation of this validation may come from the fact that men have a higher risk tolerance than women. Differences in attitude towards risk among female and male respondents remain unchanged in 2015 compared to 2010. Although in 2015 a higher percentage of subjects are ready to invest in risky shares (compared to 2010), most women feel uncomfortable to do so in both waves of the survey. We add that men assume the responsibility for decisions and the investment outcomes in a greater extent than women.

Rejected hypotheses:

H6. *Level of education is positively correlated with the online trading behavior.* Since making effective decisions in online trading presumes a good understanding of concepts, strategies and overall developments in micro and macro-economy, it would be logical that this hypothesis is confirmed. This is because the level of understanding increases with the education. Most likely, invalidation of this hypothesis is due to the small number of

respondents, or the investors' focus on self-education, attending training courses, seminars, and webinars in online trading (rather than focusing on completing their formal education).

H9. Older investors (over 65 years) perceive risk as something negative in a greater extent than other age groups. This hypothesis was formulated based on other studies asserting that risk tolerance decreases with age (over 55 years). Our findings reject this assumption, the main reason being (in our opinion) the small number of subjects over 65 years in our sample. Compared to foreign investors (more reserved attitude towards risk), the Romanians are ready to take big risks for big gains (Yeoh, 2010). Although previous studies related to the feeling of comfort to invest in shares considered risky show that as the years are passing by, the risk aversion increases, our findings suggest the opposite: older the investors are, more comfortable they feel with investing in shares considered risky. Even if statistically residue analysis indicates no significant differences between the observed distribution and the expected one, the level of agreement with the statement on taking big risks for big gains increases as income increases.

H12. Level of knowledge related to the terms "per", "split" and "bid" increases with the investors' education. A possible assumption for rejecting H12 is the presence of some other factors (beyond education) that determine the knowledge of the technical language of stock transactions, probably more related with the trading experience.

Conclusions concerning the *profitability, motivations, information sources and efficiency of retail investors' portfolio*:

The investors associate the highest level of profitability with "category 1" shares. On the second position are the shares from the international markets, followed by the shares of "category 2", "protected capital products", "Aero" and "derivatives". In general, the assessment of profitability is constant, without statistically significant differences (meaning a similar perception of it among investors). The observed anomalies concern "protected capital products" and "derivatives", most likely due to the ignorance related to gaining possibilities and yields protection of these two securities;

The only one association identified among investment motivations concerns the *investor's age and pride / ego*. The young and older investors (over 65 years) perceive pride / ego as of a very high or high importance in their investment approach;

The main source of information in the trading decision is the Internet, followed by fundamental analysis on the SSIFs web page (50% of investors pay attention to them at least frequently) and annual reports of the shares. There are no statistically significant difference in

the use of primary information sources. As for the secondary sources, it seems they are less used by those unfamiliar with new technologies (the elderly and non-users of online platforms). In terms of making decisions to purchase, our findings confirm that the level of sophistication is higher in the case of Romanian investors than in the case of Americans (Lease et al., 1974)

The portfolio's profitability is mainly influenced by the chosen strategies for decision making. The winners are those who use market information or fundamental analysis. Women manage portfolios with a lower yield (than men) and experienced investors earn more from their transactions than the unexperienced ones.

B. Conclusions on the transition from traditional to online trading.

- ✓ Besides the certain benefits of online trading, there are some disadvantages of this type of trading (weaknesses);
- ✓ Most of the online investors are young, male, higher educated, living in urban areas (as demonstrated both in online trading determinants study, and in the retail investors behavior);
- ✓ Time is the most important factor for the retail investors in the decision to shift to online trading and in choosing a trading platform. All components of this factor (quick and efficient execution of orders, possibility of viewing the portfolio evolution in real time and the short time demanded by making personal transactions) are placed in the top of the elements influencing investors decision to switch to online trading;
- ✓ In searching online trading platforms, the investors are primarily interested in systems that provide a quick and efficient execution of orders;
- ✓ The high degree of sophistication of online investors is demonstrated by the preferred information sources (according to both studies most of the subjects decide on what symbols to trade based on their own analysis);
- ✓ There is a need for constant updating and improving the relationship between the SSIFs and investors, through providing technical and fundamental analysis, notifications related to market opportunities, promotion of new products, new trading facilities etc., and through identifying customers dissatisfaction, too);
- ✓ Our data contradict the findings of other studies, according to which a big drawback of shifting towards online trading is the decline of portfolio profitability. A possible explanation of this contradiction might be the fact that the most of the respondents are higher educated, which makes them more able to understand the subtleties of

investments on the stock market. At the same time, the ratio of subjects with graduate studies reporting higher returns by trading online exceeded our expectation. Should we notice that the small sample of our study and global market developments could add consistency to differentiate our findings from those of other studies.

Regarding *motivations, information sources and transactions profitability*, our empirical studies led to the following findings: a) *pride* is a very important decisional *motivation* among young investors (26-35) and (surprisingly) seniors (65 years); b) the main *source of information* for trading decision is the Internet, followed by the fundamental analysis displayed on the SSIFs web page and annual reports of the securities issuers (indicating a high level of Romanian investor's sophistication); c) the most profitable shares are those in "category 1", followed by those from international markets, "category 2" shares, "protected capital products", "Aero" and "derivatives"; d) women manage portfolios with a lower profitability than men; experienced investors earn more than inexperienced in stock transactions.

The majority of investors deciding to shift to online trading are male, young, educated and urban. *Time* is the most important factor for retail investors when shifting to online trading and choosing a trading platform. In search of online trading platforms, investors are primarily interested by the presence of systems providing a quick and efficient execution of orders. Surprisingly, the portfolio profitability increases by switching to online trading (contrary results of other studies internationally conducted); the profitability of online investors' portfolios, previously assisted by a broker for a short period of time is lower than the profitability of those who were assisted for a longer period.

Conclusions on SSIFs marketing

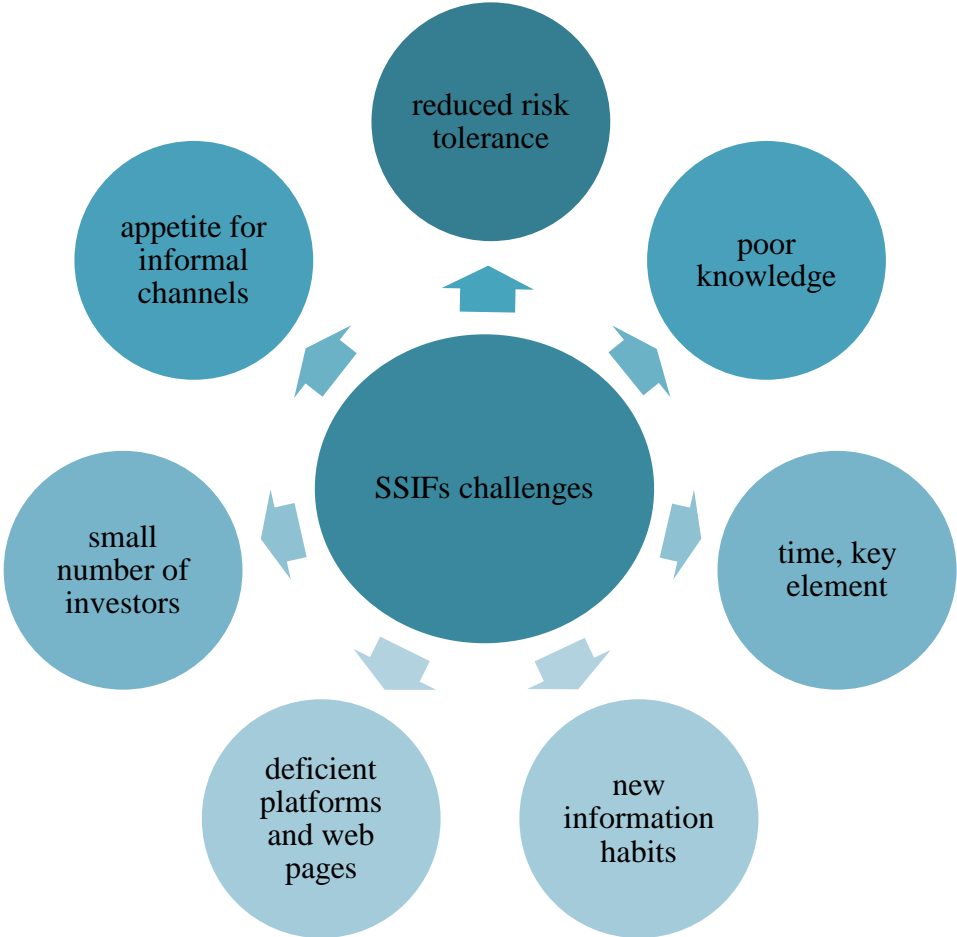
SSIFs are an active presence in Romanian stock exchange, their main role being to connect the demand and supply for financial resources. All SSIFs use the 7 components of the marketing mix peculiar to services (*7Ps*). Our conclusions relate to only two components of the mix (which focused our attention): the *placement* through online trading platforms and the *promotion* through web pages.

It is obvious that online stock exchange operations become increasingly a more prominent presence in the market. Therefore, in designing their marketing strategies the SSIFs should pay attention to creating flexible platforms, tailored to the needs and desires of investors and supported by cutting-edge technological capability. Our analysis show that the SSIFs

trading platforms require increased attention to the following aspects: *interactivity* with the visitor (non-stop assistance, alerts etc.) and *information* about the types of accepted orders, products which can be traded online and technical and fundamental analyses.

The assessment of SSIFs webpage shows that the highest score got the *page content* dimension (with SSIF Broker on the first place) and the lowest one – the page *navigability*. It is worth noting that we are witnessing a change in SSIFs' attitude toward their web page design: from a reluctance in 2010, to openness to innovation in 2015 (SSIF Broker is a significant example in this respect).

Our thesis' general conclusion is that SSIFs should be aware of a "bundle" of challenges concerning their attitude towards the retail investor behavior, design of online trading platforms and web pages, challenges summarized in the following drawing:



Limitations and future researches

We believe that our thesis` limits correlate with Romania`s restrictive regulatory framework. Sometimes we confronted with difficult access to literature and studies, as well as with the reluctance of SSIFs managers and retail investors, invited to cooperate in our empirical studies.

The privacy of data about retail investors (by signing the contract with SSIF and by the BSE regulations) made it impossible to access any database with names, or to check the objectivity of investors` answers related to portfolio, trading experience or knowledge of specific terms of stock exchange etc.

The lack of official reports about the volume, structure and evolution of online transactions (other stock exchanges do this) prevented a comparison between official reports and those gotten from survey respondents, as well as with the situation in other European countries.

Thus, we could not draw a pertinent conclusion about the level of development of such a form of trading on BSE nor about Romania`s positioning in EU in this respect.

The access to some specialized studies (published by some scientific literature databases or special institutions) was restricted by asking a fee (quite significant). This brought difficulties in analyzing and harvesting more significant elements for the dissertation`s topic.

While the study on web pages covered all the Romanian SSIFs, this was not possible in the two waves of the study on the retail investors` behavior and decision making or in study of transition to online trading. Because the samples in these cases were small, it is difficult to generalize the findings to the entire population of Romanian retail investors (otherwise, only one study on BSE has a more consistent sample - Prognosis.ro-Capital Market, 2008). For this reason, our studies are rather "explorative" in nature, taken as starting points for further research.

Being aware of the above limits, we would like to perform follow up research in the direction of:

- In the field of BSE retail investors behavior, a study on market segmentation in terms of investors` types and a comparative study with other European countries stock exchange retail investors;

- In the field of SSIFs marketing behavior: a study on SSIFs competitive and co-operative strategies ("red ocean" and "blue ocean"); a reassessment the SSIFs web pages using the same model (*Prof Net*) in order to see the changes compared to 2010; a comparative study of

Romanian SSIFs websites with other from EU countries (developed and former socialist countries), aiming at identifying the strengths and weaknesses of the Romanian SSIFs. Based on this study outcomes Romanian SSIFs could design some marketing strategies easing Romania`s alignment with EU requirements for capital markets unification.

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