

TENDENCY TOWARDS ONLINE SHOPPING IN BOSNIA AND HERZEGOVINA

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Abstract: Having very intensive growth, internet has become significant marketing medium in Bosnia and Herzegovina, and it can be predicted that internet as a means of purchase is going to be unavoidable in future business. In this context it is necessary to consider position of enterprises, employees and customers, in order to get the widest possible insight in concept of development of e-commerce in BiH. In this paper there are presented results of research on usage of internet as a means of purchase and influence of demographic characteristics to preference for shopping online. Moreover, paper will tend to create different customer profiles and target groups that have different online shopping attitudes, preferences, and demands based on the results of a specialized questionnaire.

Keywords: e-commerce, marketing, customer behaviour, Bosnia-Herzegovina

INTRODUCTION

Since the discovery of World Wide Web service at the beginning of the nineties of the last century, internet has experienced an extremely large expansion. When it comes to Bosnia and Herzegovina, Internet as a medium appeared in 1995 through the university line UTIC (University tele-informatics center) (Voćkić-Avdagić). In that same year, the Spot Shop merchandise online in California, USA was opened and, by the words of one of its co-producers, Mr. Troy Bolotnick, their first sale was made to a customer in the town of Breza, Bosnia Herzegovina. (Business Wire, 1995). This information seems surprising to most of the people, since there is a conventional thinking that there are no customers for online shopping in BiH. By the report of the Communications Regulatory Agency of BiH, in 2009, there were 1.421.540 internet users and has a great growth tendency. When it comes to online shopping, which is very popular worldwide, there are no official documents reporting online purchase in BiH. When it comes to domestic companies offering online service, there are only few, majority of which are bookstores, CD-shops, ticket-selling agencies, and only one FMCG company (Konzum). Having in mind growing number of internet users and development of efficient payment systems, both domestic and foreign companies need to make an analysis of Bosnia and Herzegovina as a pool of potential e-commerce users and customers. Analysis could make a general picture of what different market segments think of online shopping and whether it is profitable to do marketing of e-commerce service in BiH.

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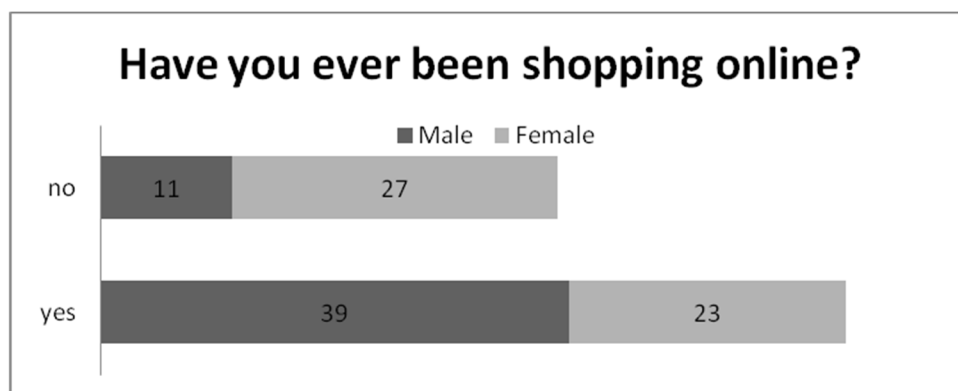
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1. Methodology

This paper makes an analysis of general opinion and attitude towards online shopping in BiH. Analysis is done on a sample of 100 randomly chosen people in Sarajevo (50 males, 50 females). First part of the questionnaire was composed of demographic questions (gender, age, education, working status). Demographic details and characteristics are significantly related to preference for shopping online, and can be used for better understanding of the market, and profiling of different market segments (Girard, 2003). Second part of the questionnaire is composed of questions related to frequency of buying online, type of the products bought, amounts respondents are ready to spend for online purchase, and determination of the main advantage of e-commerce. Analysis of the survey is done by statistical research and relating questions to demographic characteristics of respondents. Main aim of the survey is to show whether e-commerce has a potential and future in Bosnia and Herzegovina, and to furthermore break down a general opinion that unlike the other users in the world, BiH users do not use the internet at all for purchases of products (Bilalic 2001).

2. Results

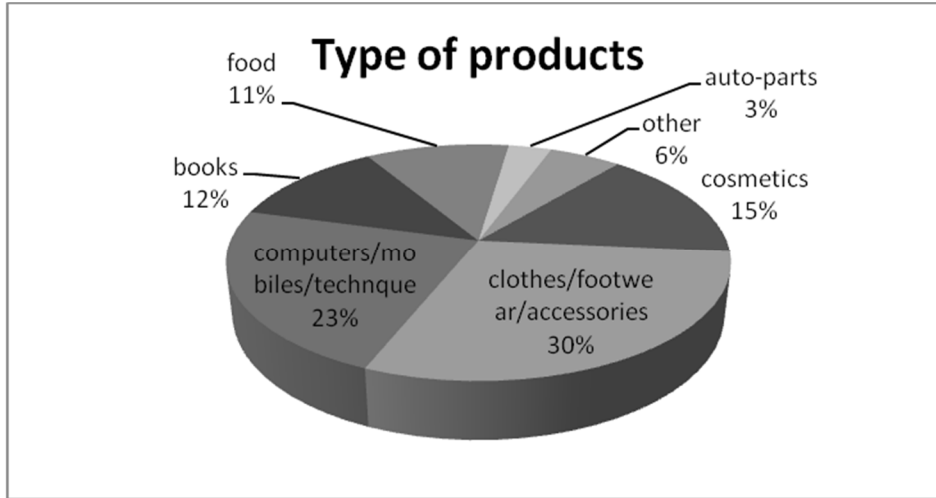
Figure 1: Online Shopping



Out of 100 respondents, 62% claimed to have been shopping online. Out of 38 that have never used internet as a means for shopping, there was 27 were females and 11 males. Main reason for them not using it was that there was no need so far (63%), or that they consider online shopping too risky (32%). Interestingly, 13%, out of which all females, stated that they do not use internet (all of them older than 40). From the educational perspective, 63% of those not practicing online shopping had bachelor degree, 47% high school degree. Cause of not buying cannot be attributed to economic status of respondents, because 82% have a job and are working. Out of this, it can be concluded that females prefer going shopping in traditional way which allows them to see, feel, and thoroughly analyze and compare items they buy.

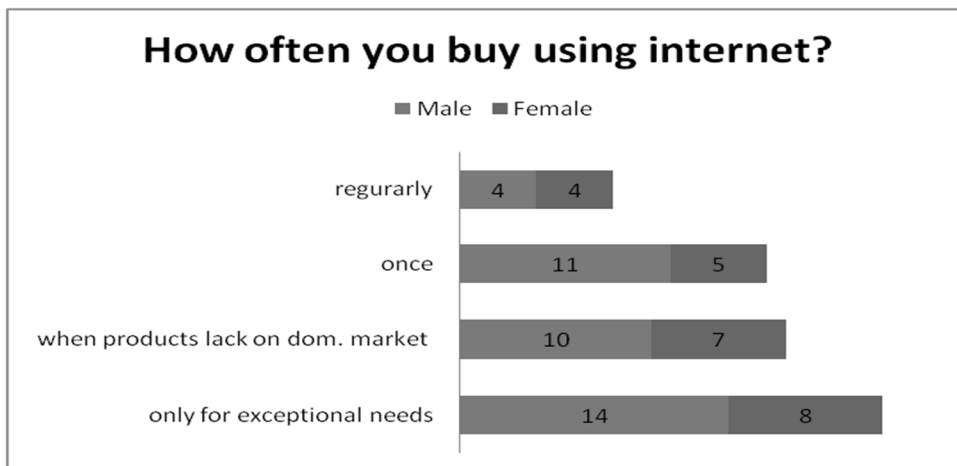
When it comes to those that are or have been shopping online (62% of total respondents), there are 39 males (63%) and 23 females (37%). Out of them, 60% are working, 38% are students, and remaining 2% do not work. From the age perspective of those buying, 68% are between 20 and 30, 27% between 30 and 40, and only 5% above 40. 45% of online customers are high school graduates (students), 29% have bachelor degree, 13% MA degree, 7% PhD, and 6% college degree. It is worth mentioning that 94% of them speak English, which is a very important factor for online shopping.

Figure 2: Type of Products



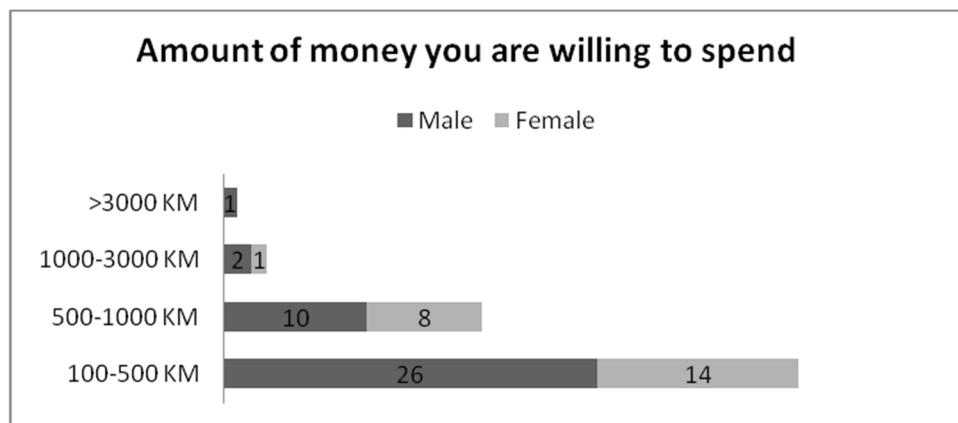
As illustrated by the Figure 2, respondents most often buy products that fit into category of clothes/footwear/ accessories (30%). This 30% is composed of 60:40 ratio between females and males. Second biggest group of products is composed of computers/mobiles/techniques (23%). These products are mostly bought by males (18 respondents, 85%). Only 3 female respondents (15%) claimed to be buying computers/mobiles over internet. When it comes to cosmetics which make 15% of all products, it is (as expected) usually bought by females (64%). Interestingly, books (bought by 12% of respondents), are more often bought by males (63%) than by females (37%), who are all either BA, MA, or PhD degree. When it comes to food, although there are very few domestic companies that offer online ordering and delivery, 11% of respondents (60% males, 40% females) claim to have been buying food over internet. The 60:40 ratio can be interpreted through culture and tradition of BiH in which more females than males cook and prepare food at home. Auto parts have very low representation in overall products bought (only 3%, all males). Reason mentioned by respondents is that the price (including delivery and customs) is very high, plus it usually takes a long time for items to arrive. Due to this fact, those that mentioned buying auto parts online, did it only once and do not plan doing it again. Out of everything said and illustrated, it can be concluded that in BiH, there are groups of potential customers for various types of products, are willing to buy, mostly due to lack of products on the domestic market (27%), (Figure 3).

Figure 3: Buy Using Internet



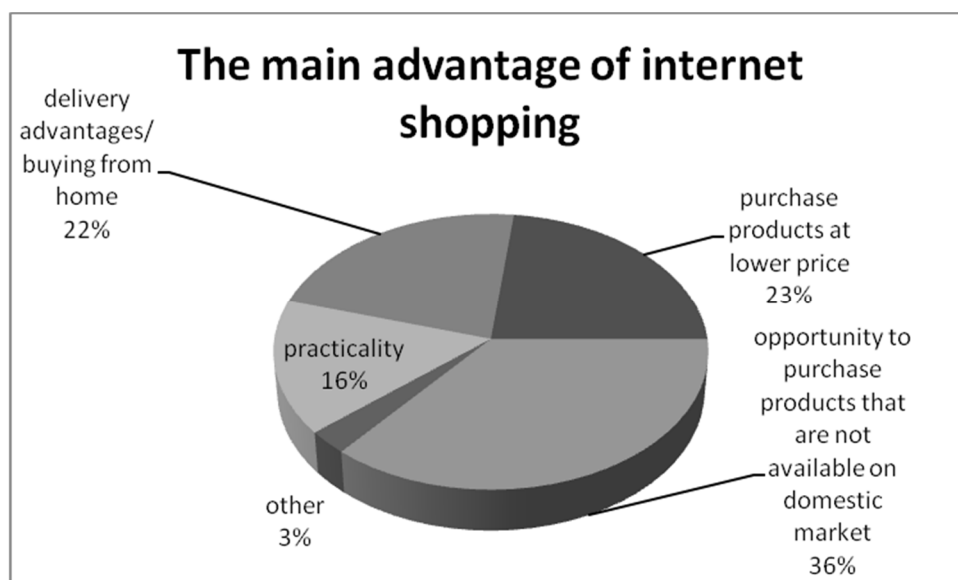
However, 35% of respondents stated that they do online shopping only for exceptional needs, and are usually discouraged by high customs and delivery prices. When it comes to those that claimed to be regularly shopping online, they buy various types of items, most often clothes/footwear/accessories, books, and cosmetics. All of them are employed, and ready to set aside amount of money greater than 500 KM (Figure 4). This can serve as a signal to companies which are, or have intention of offering their products online, especially to domestic ones with which high delivery costs are excluded.

Figure 4: Money Spend



When it comes to amounts respondents claimed to be willing to spend for online shopping, looking at the Figure 4, it is clear that males are setting aside higher amounts than females. It is also obvious that the highest concentration is for amounts ranging between 100 and 500 KM (65%). This can be an indicator of either distrust towards online shopping, or a general picture of economic status of respondents. 29% of respondents are willing to spend 500-1000 KM, 5% 1000-3000, and only 1 respondent is willing to spend more than 3000 KM for internet shopping. This is an important detail for creating a BiH online shopping customer profile.

Figure 5: The Main Advantage of Internet Shopping



As illustrated by Figure 5, greatest part of online purchases in BiH arises from the lack of products at domestic market. It is important to mention that this is seen as a benefit by majority of both male and female respondents. This is a gap that could be filled either by opening businesses domestically, or by intensifying marketing campaigns of foreign companies and brands. Taking into consideration high delivery costs and customs, it is surprising that 23% of respondents find that the main advantage of internet shopping is purchase of products at lower prices. Practicality (16%) and buying from home advantage (22%), is mostly emphasized by males (66%). Females, as already mentioned, tend to search for products by themselves, without using internet as a means for purchase.

For companies targeting young population, it can be interesting to learn that 86% of respondent students use internet as a means for shopping. As illustrated by Figure 6, they mostly buy clothes/ footwear/ accessories (37%), computers/mobiles/technique (21%), and cosmetics (16%). It is worth mentioning that students mostly buy from foreign markets due to unavailability of desired products at domestic market. Only food is bought from domestic producers and 11% of respondents use online food delivery service. Surprisingly, only 5% students buy books online. When it comes to amounts they are ready to set aside, 77% students on average spend 100-500 KM for online shopping, which suits modest students' budget.

Figure 6: Student's Purchase Decision

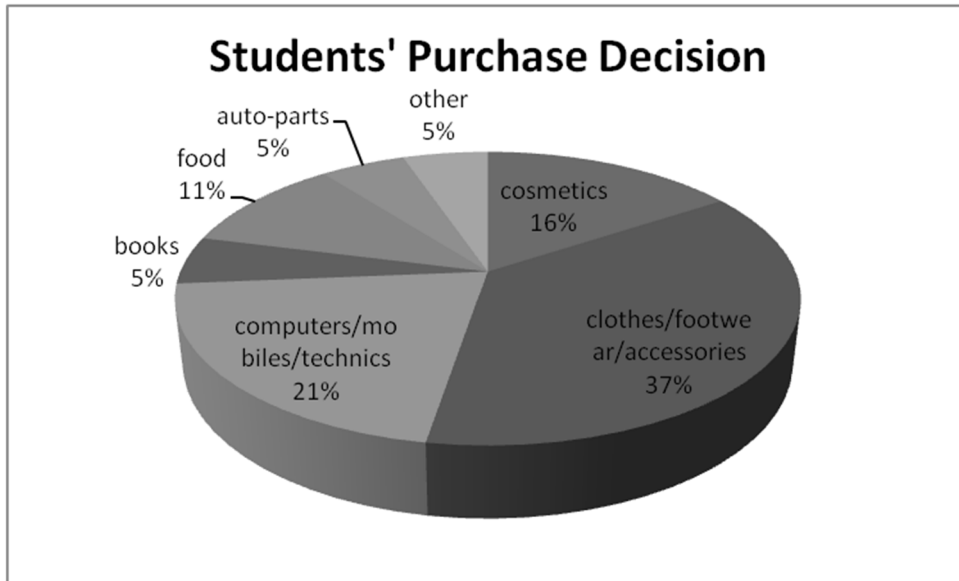
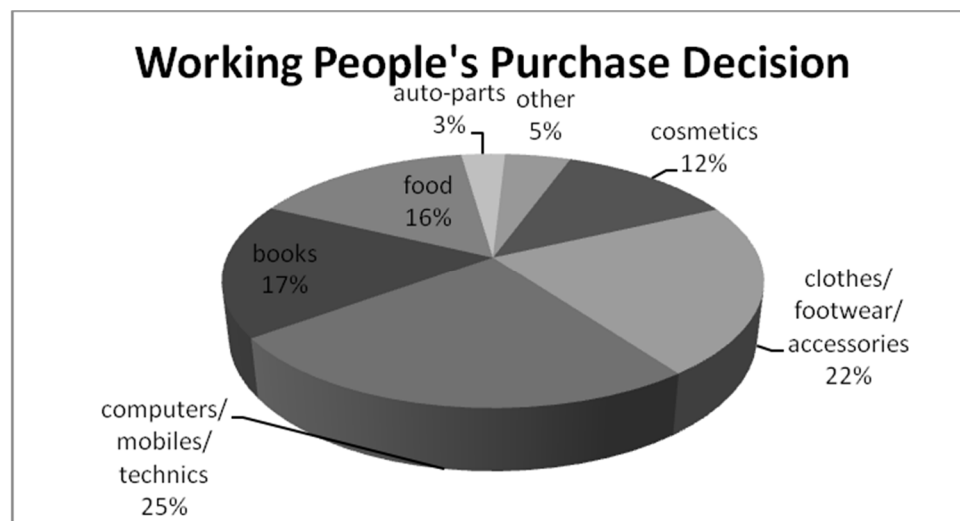


Figure 7: Working People's Purchasing Decision



When it comes to those working, majority of respondents was older than 30 and 54% of them has made online purchase until now. As indicated by Figure 7, 25% of working respondents most often buy computers/mobile/technique, 22% clothes/footwear/accessories. They also buy books (17%), and food (16%). It is important to mention that although working, 58% of them if willing to spend no more than 100-500 KM. 32% spends 500-1000 KM, 8% 1000-3000 KM, and only 2% more than 3000 KM. This shows that being employed does not automatically mean being ready to spend more, at least not for online shopping. When it comes to advantages of online shopping, those working mostly favor opportunity to purchase products that are not available on domestic market (30%), and delivery advantages/ buying from home (28%). This is reasonable because working people usually lack of time, so online purchase is an adequate and quick way of buying everything they need. Out of given results, besides clothes and technique, food delivery domestic companies could earn profit if direct their campaign to working people as a target group.

3. Conclusion

There is almost nothing left that a man, a consumer might need and that cannot be found and purchased without even opening the door of the apartment - over the Internet. This rule applies today not only for Western countries, but starts to be practiced in developing countries that tend to adapt this trend. However, Bosnia and Herzegovina is still far away from the rest of the Europe, and even the region in online shopping practice. (Osmanbegovic, 2009) The main reason for poor representation of online shopping in BiH can be found in consumers themselves, who are suspicious about risks and efficiency of e-commerce, and consequently are usually willing to set aside not more than 500 KM for this kind of purchase. Additionally, reasons can be seen in too small number of Internet stores that offer this kind of service in Bosnia and Herzegovina, so survey results show that consumers tend to use internet as a means of purchase products unavailable at domestic market. Consumers' demographic characteristics are significantly related to preference for shopping online. This survey shows that females prefer buying clothes/footwear/accessories and cosmetics, while males usually go for computers/mobiles/technique, and less for clothes. When it comes to potential customers profiling, it is significant that survey shows that students mostly buy clothes,

computers/mobiles, but are on average not ready to spend more than 500 KM. Working people, on the other hand, prefer buying computers/mobiles, clothes and books. Although majority still spends 100-500, there are more of those that are willing to spend more, even amounts higher than 3000 KM.

It will take some time for online shopping to become a usual appearance. Time in which domestic entrepreneurs will realize potential benefits and earnings that could be brought to them if having internet store as one branch of the business, plus the time in which people would realize and explore all opportunities that internet provides them. Since majority of those that has never been shopping using internet stated that the main reason is that they do not have need, this can be interpreted from two sides. First that BiH consumer profile is still unaware of all opportunities he/she can reach, without any fatigue, and second that companies do not have adequate marketing that would create the need, demand, and persuade consumers to use their service.

This survey and analysis can serve as a corner stone of understanding views and attitudes of customers from BiH, but some further research should be done in order to understand what is the right way for increasing awareness and motivation potential customers to start using internet more often as a means of purchase.

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