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Study on e-Commerce in Croatia: Customers' Preferences

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Suggested Citation: Pečenec, Ines; Zoroja, Jovana (2018) : Study on e-Commerce in Croatia: Customers' Preferences, In: Proceedings of the ENTRENOVA - ENTerprise REsearch InNOVAtion Conference, Split, Croatia, 6-8 September 2018, IRENET - Society for Advancing Innovation and Research in Economy, Zagreb, pp. 397-403

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Study on e-Commerce in Croatia: Customers' Preferences

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Abstract

Rapid development and growth of Internet facilitate business and transforms today's economies. Nowadays is almost impossible to do business or some other activities without Internet usage. Internet enables transactions among clients and stores, which has positive impact on doing business. E-commerce enhances sales and customers' shopping experience and improves business processes. This paper aims to present and analyze e-commerce usage in Croatia. Empirical research on e-commerce in Croatia was conducted to investigate clients' perception and attitudes toward online shopping. Research results revealed that Croats use e-commerce stores, although they named several difficulties, which influence on their online shopping decisions.

Keywords: e-commerce, Internet, customers, Croatia
JEL classification: L8, L81, L86

Introduction

New services and trends in information and communication technologies improve everyday life and enhance business processes (Kurnia et al., 2015). Especially Internet, which is an effective tool for individuals and firms, and their commercial activities, which confirm data that there are approximately 90% of Internet users in European countries and that 70% of them are buying online (Demmelhuber et al., 2016)**Pogreška! Izvor reference nije pronađen.**. Success of e-commerce stores mainly depends upon loyal customers (Cao et al., 2005) while there are many e-commerce stores that offer similar products. Furthermore, e-commerce offers customers more information, better quality, quick service compared to physical stores. E-commerce stores that have satisfied customers able to maintain them could achieve competitive advantage on the market (Singh, 2002). However, research results indicate that up to 75%of online shoppers do not finish their purchase on the Internet (Kassim et al., 2010), which can be explained by certain difficulties that occur when buying online. Price of the product or service effects shopping decision the most, while customers expect lower price than in physical store (Xanthidis et al., 2007). Furthermore, security during paying and delivery process is also important and customers want to trust that online transactions are secure (Kassim et al., 2010).There are many frauds regarding confidential credit card data which requires high security level. Besides security terms, customers expect a quick and affordable doorstep delivery (Joong-Kun Cho et al, 2008).

There are many factors that influence on e-commerce activity, e.g. demographic characteristics, Internet access, products name and quality, country development (Xanthidis et al., 2007). E-commerce stores are less popular in less developed countries especially in the countries, which do not support development of information and communication technologies. Therefore, there are differences among countries regarding readiness to e-commerce activities.

According to Eurostat data regarding individuals using the internet for ordering goods or services, European countries could be classified into three groups (Eurostat, 2018). In the first group, there are countries whose inhabitants prefer using e-commerce stores and where more than 70% of individuals buy online: Denmark: 80%, Germany: 75%, Luxembourg: 80%, Netherlands: 79%, Finland: 71%, Sweden: 81%, United Kingdom: 82%, Iceland: 76%, Norway: 77%, Switzerland: 88%. In the second group of the European countries, there are around 40-70% of individuals who prefer e-commerce stores: Belgium: 60%, Czech Republic: 56%, Estonia: 58%, Ireland: 53%, Spain: 50%, France: 67%, Latvia: 46%, Malta: 52%, Austria: 62%, Poland: 45%, Slovenia: 46%, Slovakia: 59%. In the last group, there are less developed European countries, where less than 30% of individuals buy online.

Especially countries like Bulgaria: 18%, Romania: 16%, Montenegro: 13%: Former Yugoslav Republic of Macedonia: 15% are lagging behind. Croatia is also in this third group of European countries where only 29% of individuals use the Internet for ordering goods or services. It could be concluded that digital divide among countries influence on e-commerce activity, while individuals from southeast and east European countries confront with many difficulties regarding online shopping. In order to improve e-commerce activities, less developed countries should take some actions and develop policies that will enhance Internet usage for business activities.

This paper aims to investigate Croatians attitudes and habits regarding e-commerce stores. Therefore, the descriptive analysis was applied with the goal to detect what customers buy the most online, which e-commerce stores prefer in Croatia and worldwide, which factors foster them to buy and which present difficulties for online purchase. Research results showed that Croats buy different goods and services through e-commerce stores. However, there are still possibilities that could enhance customers' experience and satisfaction and stimulate online shopping.

The paper is structured into four sections. This first section has introduced the notion of e-commerce and customers 'perception of buying goods and services online as well as the purpose of the study. The second section presents data collection process and methodology. The third section discusses research results. Finally, the last section concludes the paper, dealing with findings, limitations and future implications.

Methodology

This study aims to define development and usage of e-commerce in Croatia, particularly from customers' perspective. In addition, we tried to investigate customers' habits regarding frequency of buying via Internet, goods and services they buy the most, on-line shops they visit the most, factors that effect on their selection choice of e-commerce stores, obstacles when buying online.

A simple close-ended questionnaire was conducted in August 2016. The survey was made by Google forms and emailed to 184 respondents. The results were analysed in terms of descriptive statistics methods and techniques. Table 1 presents respondents' characteristics: gender, age, position, education.

Table 1
Descriptive Statistics of the Respondents' Characteristics

Respondents' characteristics	N=184
Male	25.5 %
Female	74.5 %
15-25	79.9 %
26-35	16.8 %
36-45	2.2 %
46 and more	1.1 %
Pupil	1.6 %
Student	72.8 %
Employee	20.7 %
Unemployed	4.9 %
High school	50.5 %
Bachelor	24.5 %
Master	25.0 %

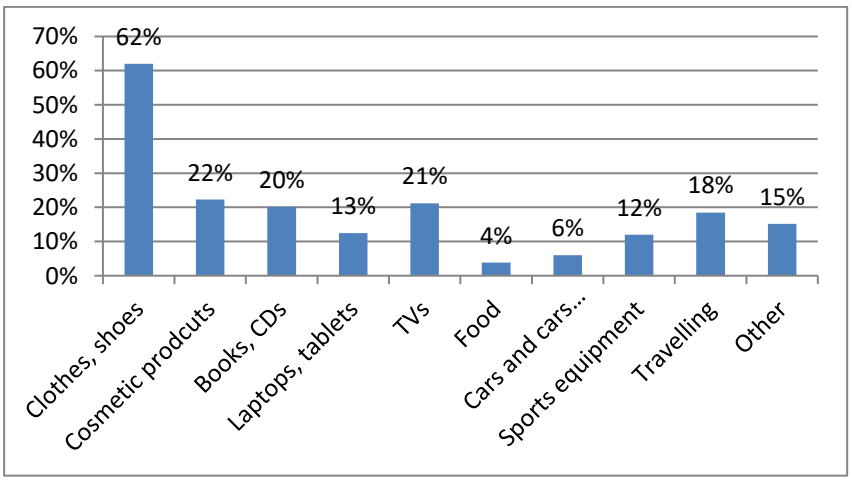
Source: Authors' work

Sample size was 184, with 137 female and 47 male respondents. The most of the respondents belong to younger population, from 15 to 25 years (79.9%). In addition, mostly students participate in the survey (72.8%) who finished high school (50.5%) and currently are studying and some of them have bachelor degree (24.5%). There are also about one fifth employed respondents.

Results

Research results focus on: (i) the most frequent purchase of goods and services, (ii) the most important factors when buying and paying goods and services, (iii) Croatian and world e-commerce stores that customers use the most for buying goods and services, (iv) factors that influence on the selection of e-commerce stores, and (v) advantages and disadvantages of e-commerce stores.

Figure 1
The Most Frequent Purchase of Goods and Services

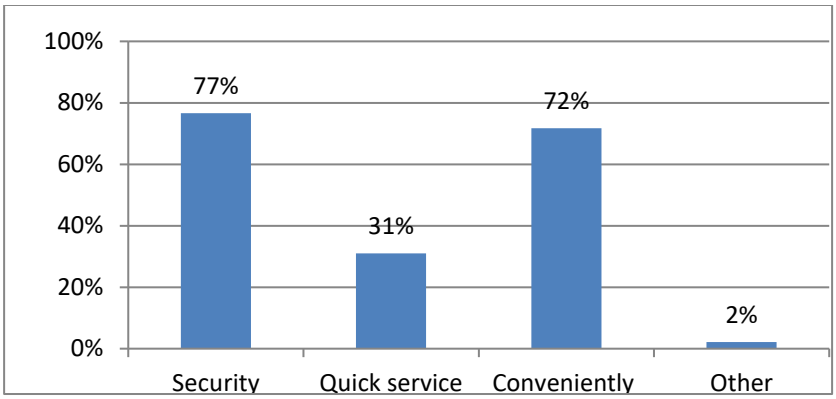


Source: Authors' work

Figure 1 presents results about the most frequent purchase of goods and services. More than half respondents buy clothes and shoes (65.1%). There is approximately

the same percentage of those respondents who buy cosmetic products (23.4%), books and CDs (21.1%), TVs, laptops (22.3%). Around 19.4% respondents mostly buy travel arrangements. The lowest percentage of respondents buys cars and cars equipment (6.3%) and food (4%) via Internet.

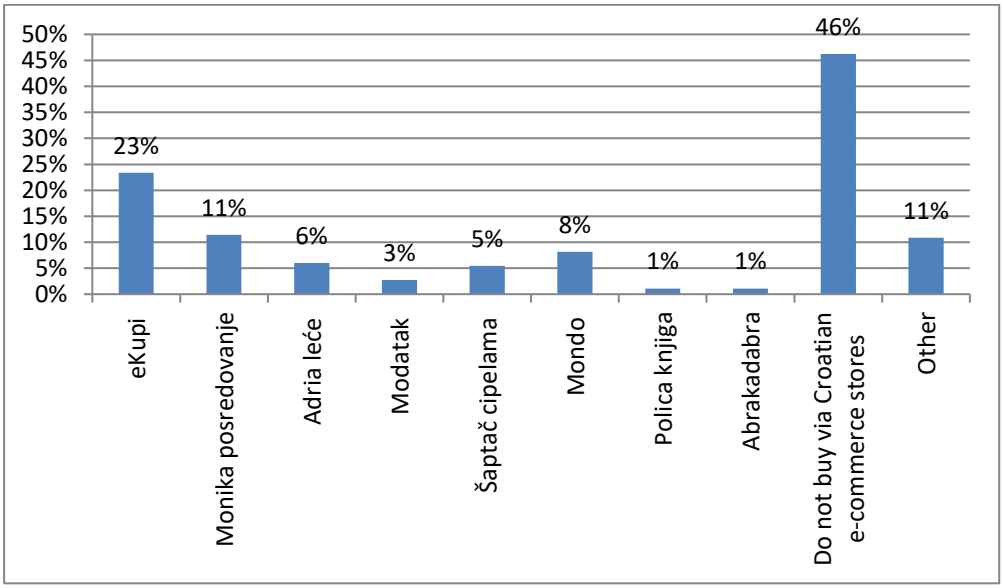
Figure 2
The Most Important Factors when Buying and Paying Goods and Services via E-Commerce Stores



Source: Authors' work

Figure 2 presents the most important factors for respondents when are buying and paying goods and services via e-commerce stores. Two key factors for online shopping are security (79.7%) and conveniently (74.6%). Respondents also emphasize quick service as a reason for buying and paying via Internet (32.2%).

Figure 3
Croatian E-Commerce Stores which Clients Use the Most for Buying Goods and Services

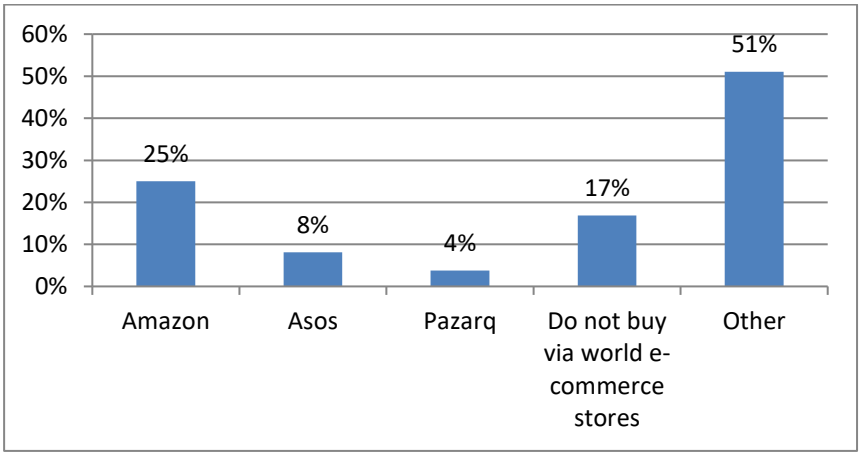


Source: Authors' work

Figure 3 presents Croatian e-commerce stores which clients use the most for buying goods and services. Almost half of the respondents do not buy using Croatian

e-commerce stores (49.7%). About quarter of respondents, buy via eKupi (25.1%). Less than 15% of respondents are using following e-commerce stores: Monika posredovanje (12.3%), Adria leće (6.4%), Modatak (2.9%), Šaptač cipelama (5.8%), Mondo (8.8%), Polica knjiga (1.2%), and Abrakadabra (1.2%).

Figure 4
World E-Commerce Stores which Clients Use the Most for Buying Goods and Services



Source: Authors' work

Figure 4 presents world e-commerce stores which clients use the most for buying goods and services. Around third of the respondents emphasize that they are using Amazon for buying different goods and services (27.4%). Less percentage of respondents buy via Asos (8.9%) and Pazarq (4.2%). In addition, 18.5% respondents are not using world e-commerce stores for buying goods and services.

Table 2
Factors that Influence on the Selection of E-Commerce Stores

Factors	Not important at all (N)	Not important (N)	Important (N)	Very important (N)	The most important (N)	Mean
Product description	7	12	16	71	63	4.01
Payment	6	5	16	71	70	4.15
Delivery	8	8	33	70	49	3.86
Discount	8	9	34	66	50	3.84
Customer service	15	17	66	44	23	3.26
Return policy	6	13	33	68	46	3.81
Physical store	30	29	66	31	10	2.77

Source: Authors' work

Table 2 presents factors that influence on customers' choice of different e-commerce stores. The respondents should evaluate each factor from one to five regarding shopping via Internet. Respondents emphasize that the most critical factors when buying through e-commerce stores are product description (34%) and way of payment (38%). These two factors also have the highest mean value (product description: 4.01 and payment: 4.15). Delivery (3.86) and return (3.81) terms as well as a discount (3.84) also have important role in buying via Internet with mean value

around 3,8. Customer service and presence of physical store do not have significant impact when buying through e-commerce store.

Table 3
Advantages and Disadvantages of E-Commerce Stores

Advantages	Disadvantages
Simple and easy usage	Unreliable
Low and affordable prices	Unsecure payment methods
Products that cannot be find in physical store	Longer delivery time
Quick shopping	Impossibility of trying clothes or shoes on
Products that cannot be find in Croatian stores	Possibility of paying and do not receiving ordered products or services
Time saving	Limited offer
High offer of different products and services at one place	Risk of getting products or services different from orders
Safety	Impossibility of return ordered products
Buying from home	No delivery in Croatia
Delivery door to door	Bad and unfriendly web page design
Do not need to talk to salesperson	Description and photos of products which do not match the real product
Availability 24/7	High delivery costs

Source: Authors' work

Table 3 presents advantages and disadvantages of e-commerce stores. Respondents should name benefits and obstacles when buying through e-commerce stores. The most of the respondents emphasize following benefits: products that cannot be find in physical store, buying from home, delivery door to door, and availability 24/7. However, there are still obstacles that could occur when buying through e-commerce stores: unsecure payment methods, impossibility of trying clothes or shoes on, ppossibility of paying and do not receiving ordered products or services, impossibility of return ordered products, no delivery in Croatia, and description and photos of products, which do not match the real product.

Conclusion

Study results revealed that individuals in Croatia buy through e-commerce stores, although there are some difficulties that have to be overcome in order to increase e-commerce activities. Therefore, firms can undertake some steps aiming to enhance e-commerce activities: improve the ease of use, design and security of the web site, greater interaction and individualization with customers, affordable price and high quality of products and services, consumer trust regarding payment and delivery.

Research results showed that respondents mostly buy online clothes and shoes (62%) comparing to food and nutrition (4%) and cars (6%) which they buy the least. Security (77%) and conveniently (72%) play the most important role when buying through e-commerce stores. Individuals prefer safe shopping regarding payment system and delivery options. In addition, buying with no time or place restrictions also has significant impact on e-commerce activities. Furthermore, respondents use Croatian and worldwide e-commerce store for buying different products and services. Worldwide e-commerce stores have better offer with more products and services, but not all of them have delivery in Croatia. However, there are some difficulties. Examples are the impossibility of trying clothes or shoes on, ppossibility of paying and do not receiving ordered products or services, high delivery costs, and description and photos of products, which do not match the real product that respondents emphasize as negative effects of e-commerce stores.

Further research should include higher number of respondents particularly those employed and using credit cards. In our study, most of the respondents were students, younger than 25, which present limited factor in analysis. Furthermore, the research could be extended including more e-commerce stores. Inclusion of other questions, which are focused on differences between e-commerce stores and physical stores, will provide better insight into customers' preferences. Further studies may explore online shopping and individuals' attitudes in other countries in order to compare them.

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