

Onete, Cristian Bogdan; Teodorescu, Ioanal; Vasile, Viorel

Article

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ANALYSIS COMPONENTS OF THE DIGITAL CONSUMER BEHAVIOR IN ROMANIA

Cristian Bogdan Onete^{1*}, Ioana Teodorescu² and Viorel Vasile³

^{1) 2) 3)} *The Bucharest University of Economic Studies, Romania*

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Abstract

This article is investigating the Romanian consumer behavior in the context of the evolution of the online shopping. Given that online stores are a profitable business model in the area of electronic commerce and because the relationship between consumer digital Romania and its decision to purchase products or services on the Internet has not been sufficiently explored, this study aims to identify specific features of the new type of consumer and to examine the level of online shopping in Romania.

Therefore a documentary study was carried out with statistic data regarding the volume and the number of transactions of the online shopping in Romania during 2010-2014, the type of products and services that Romanians are searching the Internet for and demographics of these people. In addition, to study more closely the online consumer behavior, and to interpret the detailed secondary data provided, an exploratory research was performed as a structured questionnaire with five closed questions on the distribution of individuals according to the gender category they belong (male or female); decision to purchase products / services in the virtual environment in the past year; the source of the goods / services purchased (Romanian or foreign sites); factors that have determined the consumers to buy products from foreign sites; categories of products purchased through online transactions from foreign merchants. The questionnaire was distributed electronically via Facebook social network users and the data collected was processed directly in the Facebook official app to create and interpret responses to surveys.

The results of this research correlated with the official data reveals the following characteristics of the digital consumer in Romania: atypical European consumer, interested more in online purchases from abroad, influenced by the quality and price of the purchase. This paper assumed a careful analysis of the online acquisitions phenomenon and also represents a direction for conducting a future research. The particularities identified in the Romanian digital consumer can help develop an online marketing mix based on behavioral study.

Keywords: E-commerce, online behaviour, digital consumer, Romania.

JEL Classification: L81, D12.

* Corresponding author, **Cristian Bogdan Onete** – bogdan.onete@com.ase.ro

Introduction

The online shopping has become a common activity of daily life given that the Internet has a major impact on contemporary society due to the exchange of information from many points in people's everyday lives. In recent years there have been numerous studies analyzing the online consumer behavior in Western Europe. However, in the eastern part of Europe, e-commerce has not reached its maturity, so with this analysis we tried to establish what is the relation and which are features of consumer and the online shops in the electronic market in Romania.

According to the European statistics, the average online purchasing in the European space is 50% in 2014 and according to available data, countries such as Denmark (78%), Germany (70%), France (62%), Luxembourg (74%), the Netherlands (71%), Sweden (75%), UK (79%) far exceed this threshold. The same cannot be said about Romania which has an estimated 10%, which indicates a weak preference for buying in the virtual environment. Although countries such as Hungary (32%), Poland (34%), Slovakia (48%) and Slovenia (37%) do not reach the European average, it is obvious that they have a higher purchasing power in the online environment because they are closer to the developed countries of the European Union. From the same category as Romania also Bulgaria belongs, country located in the Black Sea region of whose population aged between 16-74 years, 17% purchased products and services on the Internet in 2014. Based on these statistical data we can deduce that are not random these low rates of online purchase for Romania and Bulgaria, because this market is still developing, but this development is slowed by a certain local mentality, amplified by a reluctant approach and fear.

1. Theoretical aspects regarding the digital consumer

Business development through the Internet has created new opportunities, challenges and behaviors in business. In today's society, the evolution of the Internet related to online shopping has great influence on the consumer who is more careful and selective in terms of the examination, comparison, purchase and pay for products on the Internet. Consumers also are organized on the Internet by affiliation to social networks, and even have a role in the production process through crowd sourcing or other technologies (Lehdonvirta, 2012).

The power of the digital consumer depends on four sources: the demand for online products and information that are related to individual and new web social networks and online communities (table no. 1) (Labrecque et al., 2013).

Table no. 1: The power of the consumer on the Internet

The Power of the Consumer on the Internet			
Request- result of the consumer behaviour on the Internet and social media, in terms of consumption and buying decision.	Information – it is seen from two angles: one related to easy access to information about products / services on the Internet, and the second which relates to human potential to influence the virtual environment opinion.	Social Networks – the power derives from the way in which the original digital content can add value through numerous social media activities.	Online Communities - the people's ability to generate content on the Internet in order for all people to have access to electronic resources.

Source: Labrecque et al., 2013, p. 259

Although the consumption on the Internet is at a high level, we must not forget that all this mass communication also alters the interpersonal relationships and the individual, for example in the case of online games or platforms with virtual worlds or distribution of content camera sites may produce a deviant behaviour of the individual which tends to become xenophobic, homophobic, sexist or racist. Increasingly more people are addicted to video games on the Internet or online gambling. However, it has been studied that social media and mobile devices (smartphones) influence the consumer to become narcissist, selfish, vicious, deceitful, dishonest and obsessive (Belk, 2013).

2. The electronic commerce in Romania

In literature, the online shopping behavior refers to the process of purchasing products or services via the Internet (Li and Zhang, 2002). In Romania, the e-commerce market has made its presence felt starting from 2000, and began to really develop with the admission of the country into the European Union when the European funds for infrastructure investment began to be accessible. Even if this was a benefit for the development of electronic commerce in Romania and at the moment according to national statistics, 55.8% of households in Romania have a computer at home (NIS 2013) and 54.4% of households both in rural areas and in urban areas have access to the Internet, the rate of online shopping remains quite low in the Eastern Europe, including Romania (NIS 2014). Of courses, the decision to buy online is also influenced by cultural factors (Lim et al., 2004).

At this moment in Romania there are about 5,000 online stores, Romanians preferring to pay cash on delivery for orders over the Internet. Instead, when is the case to pay utilities, accommodation, transport or tickets to events, they prefer to use payment card. The average age of digital Romanian consumers is between 25-35 years (Ecommerce News, 2014). The Romanian Consumer behavior is atypical in regard to other European consumers, because it prefers to use the Internet to order products / services from foreign online stores. According to the European Commission, (The Consumer Conditions Scoreboard, 2013) the European consumers engage in domestic online shopping in a proportion of 41%. However, according to date obtained by VISA Romania regarding the online payments seems that the Romanian online shopper is an exception to this pattern. As can be seen in Appendix 1, the Romanian consumers are more likely to purchase online from sellers/providers located in other countries rather from national ones. This data from VISA reveal that even though domestic e-commerce has a remarkable annual growth rate, the Romanian consumer prefer to purchase goods and services from other countries. In 2014, only 25% of the acquisitions in terms of turnover were made in domestic online stores, Romanian consumers buying more from e-commerce sites registered in United Kingdom (168 mil. EUR) than they do from websites located in their country (147 mil. EUR). The next position is held by the neighbor country – Hungary, followed by USA, Ireland, Belgium, Germany, France etc.

3. The Romanian digital consumer

The online consumers in Romania they prefer to pay in cash upon delivery for online ordered products and only 33% prefer to use payment card on the Internet. The choice to order online is related to home delivery, smaller prices than in traditional stores, wider range of products and services, more information about products and comparing offers. When it comes to problems for online shopping, most of consumers reported problems for high delivery costs, delivery time and warranty (Gemius, 2014).

According to a study performed by Ernst & Young (2014) in order to analyze the Romanian digital consumer buying experience and we discovered that the digital Romanian consumers are influenced most by the *quality and guarantee* of a product/ service (32% in Romania, 27% globally). In Romania, the most important factor seems to be the quality and the guarantee of a product, while globally respondents are influenced most by price and delivery (29%), as can be seen in the figure no. 1. *Price and delivery* terms ranks second in the opinion of the Romanian respondents (20% in Romania, 29% globally), while the *brand /image* is also a decisive factor that consumers take into consideration (17% in Romania, 10% globally).

The statistical data provided by the INSSE (2014) indicates that Romanians prefer to buy most of the Internet clothing, footwear and sporting in a percentage of 57.9%. Other preferences in terms of online acquisitions are electronic equipments and hardware products (20.9%) and household goods (15.9%). The tourism takes 20.9% for the online payment of the travel arrangements and / or accommodation, 18.1% for seeking tickets to various events. Book lovers give online orders in a consistent percentage of 25%.

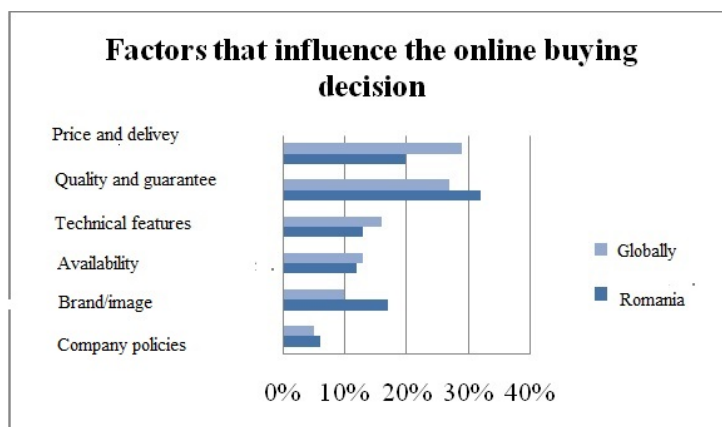


Figure no. 1: Factors that influence the online buying decision

Source: Ernst & Young, 2014, p. 27

As can be easily seen there is a lack of trust of the Romanian consumer in electronic transactions, fact confirmed also by the statistics of The National Bank of Romania regarding ATM cash withdrawal vs. POS transactions in the country. In 2014, the value of withdrawals from ATMs in the country increased from 96 mil. RON in 2011 to almost 130 mil. RON, which means that the Romanian consumer behavior tends to remain directed to make payments in cash (table no. 2).

Table no. 2: Cash withdrawal vs. POS transactions in Romania

Year	Cash withdrawal at ATMs in the country with cards issued in Romania	POS transactions in the country with cards issued in Romania
	(Mil. RON)	(Mil. RON)
2011	96,435.25	14,854.54
2012	106,409.09	17,967.89
2013	114,672.86	20,635.44
2014	122,860.79	23,577.30

Source: Adaption on BNR statistics, Interactive database, 2014

4. Research methodology

The main purpose of this paper is to understand the Romanian digital consumer behavior. In this respect, the main question this study wants to answer is why the Romanian consumers prefer to purchase products / services to external markets on Internet. In the elaboration of this article were studied the literature on electronic commerce, secondary data from Eurostat, Romanian National Institute of Statistics, National Bank of Romania, and also VISA Romania indicators regarding the electronic commerce.

Also, to identify the factors that influence the consumer behavior, an exploratory research was conducted as a structured questionnaire with five closed questions on the distribution of individuals according to the category they belong, male or female; decision to purchase products / services in the virtual environment of the past year; the source of the goods / services purchased on the Romanian or foreign sites; factors that have determined consumers to buy products from foreign sites; categories of products purchased through online transactions from foreign merchants. Because in social media people feel good when they communicate and share their opinions, experiences and prospects through social relations, a questionnaire was distributed electronically to 160 users of social media, urban, educated, aged 20-35 years. The questionnaire was self-administered, and the respondents participated voluntarily and consequently the sample selected is not representative.

5. Results

Social media in the context of Internet business has become a tool for the development which is focused on business-consumer relations, communication and marketing. That is the main reason why, for distribution of the questionnaire was used an application of the Facebook social network, which collected data from the respondents.

According to the results at the first question on the gender distribution of consumer the representativeness of women (74%) is almost three times larger in terms of online orders (figure no. 2).

At the 2nd question that made reference to how often consumers have purchased products / services on the Internet in the last 12 months, 95% of respondents answered affirmative, suggesting that the interest in online shopping is growing taking into consideration that the analyzed sample was represented by young individuals who are constantly connected to the Internet (figure no. 3).

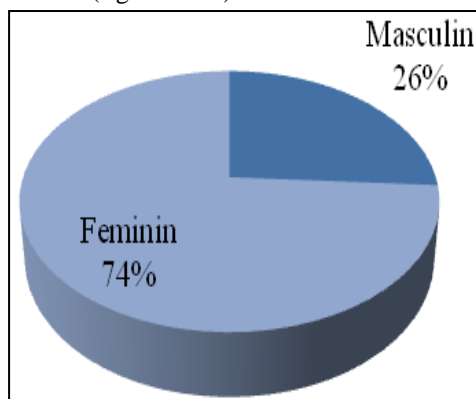


Figure no. 2: Gender distribution

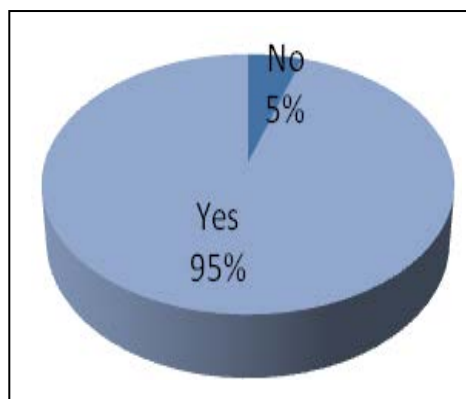


Figure no. 3: Acquisition of products / services on the Internet in the last 12 months

The responses to question no. 3 that made reference to e-commerce markets where Romanian consumers order products or services, shows that 53% of respondents placed orders on the Romania websites and 38% ordered products / services from European Union countries (figure no. 4). Unlike official data showing that the purchase of products / services online has a higher percentage of cross-border electronic commerce, this category of young customers order online also in Romania in a consistent percentage. Although the percentage is very small, 6% ordered also online products websites located in Asian countries.

At question no. 4 that is focused on the reasons of why Romanians would buy online products/services from foreign sellers, the most important issue was related to the fact that Romanians do not find the product in the country (32%). Results reveal that price and quality influence cross-border selling. For 15% of respondents, price is the most important element for purchasing decision, meanwhile for 8% the criteria is product quality. It is surprising that 16% of respondents have other personal reasons when buying products online from other countries, such as convenience (figure no. 5).

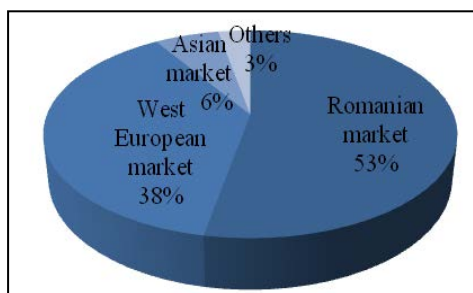


Figure no. 4: Online markets

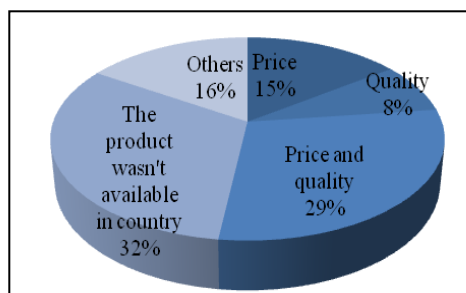


Figure no. 5: Reasons determining online purchasing from cross-border sellers

Regarding the type of products that Romanians order abroad, the majority answered at question no. 5 that prefer to buy online clothing and footwear (37%), electronics (19%), watches/jewelry (14 %) and cosmetics (13%) (figure no. 6), meaning that Romanians satisfy their existential needs in a more convenient manner, saving time without having to search for products in a traditional store and just place orders online where they find all necessary information.

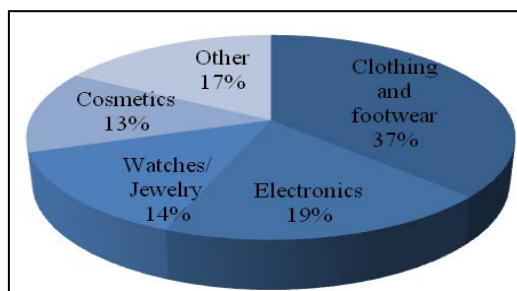


Figure no. 6: Online purchases from abroad

Conclusions

Romanian consumers tend to purchase products / services online more from foreign sellers than from online stores in the country. However, they are apprentices in terms of online transactions as statistical data confirm that habit of paying cash is striking in Romania, because value of withdrawals from ATMs is growing. Even if there are over 14 mil. cards in circulation, Romanians prefer to use the credit card to withdraw money than for Internet banking. This concept stems from reasons of fear and uncertainty when it comes to provide personal data in virtual environment and it is more characteristic older generations. In developed countries, purchasing goods / services on the Internet has become part of the lifestyle, a habit has successfully been integrated into everyday activities. Romanians search and order over the Internet mostly fashion products. Outside orders placed online, Romanian consumers use the Internet to search for all necessary information about features, availability, warranty, price and delivery terms of products they need. When products are not available on Romanian sites, most consumers visit webpages from UK, US and other developed countries in the European Union. Other reasons for a flourishing cross-border e-commerce in Romania concerns better prices and quality of products from abroad. From results, it can be interpreted that younger consumers are the most familiar category with shopping experience on the Internet, buying both internally and externally.

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Appendix no. 1: Domestic and cross-border e-commerce in Romania

Year	Ecommerce Domestic Transactions		Ecommerce Cross-Border Transactions				
	Volume (EUR)	No. of transactions	Volume (EUR)	No. of transactions	Top 10 Cross-Border Merchants		
					Country	Volume (EUR)	No. of transactions
2010	43,290,337.38	1,007,435.00	204,767,911.6	3,653,531.00	United Kingdom	92,065,957.84	2,048,642.00
					Hungary	31,400,070.72	239,919.00
					United States of America	20,149,028.93	300,054.00
					Gibraltar	9,637,819.24	334,179.00
					Germany	8,650,609.07	129,178.00
					France	4,662,295.93	44,848.00
					Republic of Ireland	4,207,853.02	64,874.00
					Italy	3,498,452.08	18,445.00
					Luxembourg	3,063,328.43	154,783.00
					Cyprus	3,007,305.55	54,441.00
2011	71,539,084.88	1,910,202.00	275,181,070.9	5,076,371.00	United Kingdom	118,608,984.38	2,691,576.00
					Hungary	45,409,078.14	317,937.00
					United States of America	24,418,211.74	410,193.00
					Germany	11,917,588.98	221,227.00
					Gibraltar	11,673,409.31	387,627.00
					Republic of Ireland	9,478,991.78	179,870.00
					France	6,406,586.32	56,451.00
					Luxembourg	5,974,726.58	400,194.00
					Cyprus	5,701,106.33	77,546.00
					Italy	4,805,322.28	21,941.00
2012	107,275,211.58	2,791,662.00	309,701,549.2	5,936,557.00	United Kingdom	130,460,302.35	3,005,466.00
					Hungary	44,960,585.82	316,838.00
					United States of America	27,699,842.56	508,429.00
					Gibraltar	14,438,689.02	462,082.00
					Germany	13,365,496.93	229,322.00
					Republic of Ireland	11,512,687.83	266,947.00
					Luxembourg	8,106,003.38	583,161.00
					France	7,373,642.63	66,088.00
					Netherlands	6,119,515.82	43,870.00
					Cyprus	5,929,495.08	84,156.00
2013	117,924,279.88	3,451,931.00	381,024,410.8	7,340,306.00	United Kingdom	151,250,991.92	3,554,699.00
					Hungary	59,167,720.86	408,458.00
					United States of America	29,765,448.72	661,136.00
					Republic of Ireland	21,969,651.13	600,656.00
					Germany	14,313,541.97	249,942.00
					Belgium	14,282,718.28	83,947.00
					Gibraltar	12,755,771.95	427,829.00
					Luxembourg	11,829,456.72	735,928.00
					France	7,961,188.34	80,415.00
					Netherlands	7,307,088.70	52,679.00
2014	147,423,357.78	4,389,319.00	442,963,695.7	8,262,891.00	United Kingdom	168,348,757.69	4,221,064.00
					Hungary	76,505,366.81	523,396.00
					United States of America	31,196,584.89	609,596.00
					Republic Of Ireland	23,168,377.95	598,044.00
					Belgium	18,613,902.99	112,258.00
					Luxembourg	14,380,997.37	777,849.00
					Germany	14,190,642.85	216,223.00
					France	10,715,466.57	145,847.00
					Gibraltar	10,502,038.33	331,528.00
					Spain	9,583,196.04	82,936.00

Source: Adaption upon data from VISA Romania