

# ONLINE CONSUMER BEHAVIOR IN SERBIA DURING THE CRISIS CAUSED BY COVID-19

ANA ZEKAVICA,<sup>1</sup> JOVANKA VUKMIROVIĆ,<sup>2</sup>

ALEKSANDRA VUKMIROVIĆ<sup>1</sup> & MILICA BRANKOVIĆ<sup>1</sup>

<sup>1</sup> Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia.

E-mail: ana.zekavica@bpa.edu.rs, aleksandra.vukmirovic@bpa.edu.rs,

milica.brankovic@bpa.edu.rs

<sup>2</sup> University of Belgrade, Faculty of Organizational Sciences, Belgrade; Serbia.

E-mail: jovanka.vukmirovic@fon.bg.sc.rs

**Abstract** In parallel with the development of the digital market, a new generation of consumers has emerged. The digital market has become an integral part of the lives of modern consumers and it is simply difficult to imagine middle and younger consumers not being present in the digital market on a daily basis to gather information important for purchasing decisions and / or purchasing. There is a growing need for new knowledge, theories and models that indicate consumer behavior on the Internet, due to the evolution of online shopping, which is becoming a vital aspect of customer relations and the creation of marketing strategies. The corona virus pandemic that occurred in March 2020 is not just a health crisis, it has changed the way people around the world live. This paper examines whether there are changes in the level of online consumption and changes in consumer behavior in Serbia in general.

## **Keywords::**

online  
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## **1 Introduction**

The term crisis refers to the uncertain situation in which organizations can find themselves, characterized by a high degree of instability, urgency, time pressure, limited information, unexpectedness and the fact that if we do not react quickly and in the right way can lead to negative developments. The focus is on control, so it is necessary to strategically plan activities after the crisis, to deal with planning, in order to reduce the probability that the organization will become prone to crises. Crises are not so frequent, but they refer to situations in which the basic values of the system are endangered. In crisis situations, the company's management must define a strategy that will prevent or reduce the damage that organizations may suffer. Although such situations are quick and uncertain, leaders face many questions to which they may not have answers. The development of information and communication technologies (ICT) has transformed crisis communications (Bauman, 2013). Liquid Modernity, Cambridge, UK: Polity Press. Managers need to understand how social networks and ICT affect the current communication ecosystem in crisis situations and how it can help them cope with crisis situations.

COVID is an infection of the upper respiratory tract caused by the SARS-CoV-2 virus, which began as a health crisis, but in early 2020 it was clear that it would threaten global business. Although many national governments have introduced strict measures to combat the virus, they have seriously affected the global economic system. In the first place, staying at home and physical distancing directly affected the income and lifestyle of consumers. COVID-19 has changed the way we work, communicate and buy, more than any other disorder in this decade. Effective communication during the pandemic is of great importance, because the dissemination of timely and accurate information is of great importance not only for consumers but also for national economies. 2020 will be marked as COVID-19 years. The pandemic marked 2020 with inaccurate information, very stressful situations, negative emotions, lack of control that unequivocally influenced consumer behavior. No policy was available to managers, to advise them on how to alleviate consumer fears in the desire to regain control of the situation, maintain the company's image and establish trust between employees and the community.

Research into the factors that influence online consumer behavior in crisis situations is crucial to prepare companies for all threats that will occur in the future. By external threats that affect consumer behavior, we mean both actual and potential events with negative consequences for consumer welfare. Common threat categories are economic, health, social, informational and environmental (Campbell, et al., 2020). Economic threats refer to the financial situation of consumers (e.g. an increase in the unemployment rate would be a potential threat, while job loss would be a real threat). Health threats refer to both the physical health of the consumer and other people (e.g. a potential threat of contagious disease or an actual threat of a cancer diagnosis in a loved one). Potential social threats relate to the place and role in society (e.g. concerns about terrorism or social unrest, while the real social threat is dealing with racial discrimination). Information threats affect the ability of consumers to learn, know and understand in the era of creating the digital world. Potential or actual threats to the environment arise from aspects (e.g. climate change leads to reduced food supply, while water contaminated with lead is a real threat to the environment). When threats appear at the same time, as with COVID-19, it started as a threat to health, but it has also turned into an economic, informational and social threat. Due to the introduction of measures that protect human health, there has been a recession and financial losses. In the midst of the pandemic, social media spread huge amounts of inaccurate information that reached an audience of millions every day.

## **2 Online consumer behavior**

The development of the digital market, in addition to causing changes in the business orientation of the company, has significantly influenced and is increasingly influencing the behavior of modern consumers. Modern consumers are increasingly connected to the digital market and are becoming online or digital consumers. The development of the digital market has enabled consumers to stop buying only in traditional stores located in their immediate and wider environment. Modern consumers shop within the entire national, regional and global market, by accessing the digital market via computers, tablets or smart mobile phones.

Previous research shows that there are many factors that influence consumer behavior in online shopping, but to show all the factors in one place is almost impossible. Consumer behavior is changing in step with the development of technology and cannot be predicted as before the mass use of the Internet. Online consumer behavior refers to the process of buying products or services online.

It is clear that today, due to the popularity of social media and the development of smartphones, consumers are more connected than ever before. According to the report of the software company Hootsuite and the marketing agency We Are Social, in January 2021 there are about 4.2 billion active users of social media and 5.2 billion mobile users worldwide ([www.wearesocial.com](http://www.wearesocial.com) (Digital 2021: The latest insights into the 'State of digital'), 2021). As a result of digital connectivity, consumers have always become connected. In other words, we live in an age of connection where consumers can access vast amounts of information, communicate with each other no matter which side of the world they are on and at what time, whenever and wherever they want. Search costs have dropped significantly, and individuals' ability to digitally express their opinions has increased significantly.

The Internet and the development of mobile devices have not only affected consumers who can search and buy products as they could not have imagined in the last century, but it has created opportunities for companies to increase sales and competitiveness. Online consumer behavior plays an important role in online marketing, information systems development, psychology, and management (Cheung, et al., 2005). The activities of modern consumers in the digital market are not only related to shopping. Gathering different information about products and services, comparing the values of different alternatives, as well as leaving different comments on the use and possession of certain brands and products / services in the digital environment, are also essential activities that are characteristic of digital consumers (Nicholas, et al., 2013).

Online consumer behavior includes several stages of the decision-making process - problem identification (consumption problem identification), information retrieval (problem-solving information retrieval), evaluation (assessment of the likelihood of an outcome or event), choice (purchasing product decision-making) and outcome (satisfaction / dissatisfaction) product / service) (Darley, Blankson, Luethge, 2010). Consumers tend to behave heterogeneously in online shopping. Rohm and

Swaminathan (2004) profiled consumers according to their shopping methods, namely: practical consumers - convenience shoppers, researchers - variety seekers, balanced consumers - balanced buyers and consumers who like to shop in stores - traditionalists - store-oriented shoppers (Rohm, Swaminathan, 2004). For example, while convenience shoppers prefer to save time when shopping online, variety seekers are always looking for innovations offered by retailers, so their different needs lead to different choices. Nunes and Cespedes (2003) define five stages of purchase in each individual consumer: awareness (of a product, service), consideration (of an offer), propensity (of a single offer), purchase, and aftermarket. In their study, Nguyen, Leeuw, and Dullaert (2018) identified factors that influence online consumer behavior, namely the buying process, repurchase (including intent and current behavior), and product returns. Purchase refers to the consumer's willingness to purchase products displayed on the website online.

### **3 Online shopping**

Online shopping is the fastest growing field of e-commerce. Online shopping has certainly gained in importance with the growth of e-commerce, since 1990 when the global retail sector revolutionized (Chen, Chang, 2003). With the advancement of technology, online consumers not only shop, but gain knowledge about products, compare brands, evaluate quality, gather price information in different locations and due to many other benefits that the online experience provides consumers, they become more powerful and demanding in making purchasing decisions.

Online consumer can be defined as a person who accesses the Internet via a computer or mobile phone and connects to the digital market in order to search for products and services, make purchases, and take advantage of the digital environment in the process of gathering information. Online consumers through online transactions create value for companies in many ways that need to be considered in order to understand the potential of online consumers (Kukkonen, 2018). One internet minute in 2019 and one internet minute in 2020, where we can see that 4.1 million google searches are done in 60 seconds, 19 million SMS messages are typed, 4.7 million youtube videos are done reviews, sends 190 million emails, but perhaps the most important fact is to spend \$ 1.1 million.

In 2019, the total volume of turnover in the digital market amounted to about 3.530 billion dollars, while in 2022 it is expected to be about 6.540 billion dollars, which will represent about 22% of total retail in the world (www.statista.com). According to data published by the Republic Bureau of Statistics in Serbia, in 2019, 79.6% of households have a broadband Internet connection, while in 2010 it was 27.6% of households. The percentage of those who use online shopping is still not at an enviable level, unlike many countries around the world. China is a country with 772 million internet users and according to www.statista.com, is a leader in online shopping, so it can be expected that more companies in Serbia, it has yet to adjust and customize its marketing activities.

Attracting and retaining consumers in any segment of the business is important, not only because consumers who buy more generate more revenue and keep them less. In this sense, research into the factors that lead to online shopping is considered important, because in an online market that is constantly changing, the acquisition of new consumers may have higher costs compared to re-purchasing loyal consumers.

#### **4 Online consumer behavior in Serbia during the crisis**

The phase of getting used to the situation we all find ourselves in seems to have passed. The level of concern for our own health and the health of others has made us build new routines and lifestyles. As a result, we have new models of behavior, so for example we need to cook more and more at home, the gym has been replaced by a home bike, far more time is spent with the closest family, home offices were created. According to Ipsos, it is learned that the average time of watching TV programs in Serbia increased by as much as 2 hours compared to the period before the pandemic (www.ipsos.com (Mediji u kontekstu: Kako se menja uloga medija tokom izolacije zbog COVID-a 19), 2020). The young part of the population, which watched more or less TV programs and content, is again with TV channels. The educational program is much more watched than because the school classroom was replaced by "virtual" TV classes. According to the research agency Ipsos, the data indicate that there is a report of a decline in the readership of the daily press as a result of social distance. Data on the size of the Internet autoditorium indicate that it increased by about 30% during the critical month of March 2020, and that the average time spent with this medium has also increased.

Crises affect people's willingness to buy supplies and products that are not necessary differently, given the context of the COVID-19 pandemic, psychological factors such as fear, anxiety, stress, depression, and perceived economic stability need to be analyzed to gain an impression of behavior. consumer (Larson, Shin, 2018). After the state of emergency is lifted, citizens in Serbia, usually feel happy. To a lesser extent, they feel boredom and anger, followed by loneliness and fear. All emotions are present to a relatively equal extent as during the end of April 2020, however, when it comes to anger, one can now sense a slight trend of increasing frequency of occurrence as time passes. Anxiety and fear are more present in women (23%) than in men (10%). Anxiety and fear are least present among respondents under the age of 25 (7%), and then increase with age (6% among pupils and students, and 22% among pensioners). Anxiety and fear are most present among the least educated (30%), then fall sharply among respondents aged 10-12 (15-16%), and among respondents aged 14 and over (11%) (www.demostat.rs (Javno mnjenje Srbije o kovidu), 2020).

Accordingly, if we compare the fear of COVID with shopping, we could conclude that higher levels of stress lead consumers to save money, e.g. alternatively, the need to buy basic groceries is increasing. In Serbia, according to the research of Demostat, the fear of coronavirus is the rarest among respondents aged 25-34 - 16%, and then increases with age, the highest among those aged 65 and over.

According to a survey by the Ipsos agency, which conducted a telephone (CATI ~ 70-80%) and online (CAWI ~ 20-30%) survey in April and May 2020, Serbian citizens' standard household consumption had the characteristics of a normal distribution. The largest percentage of households had the same consumption as usual (one fifth has slightly higher or lower consumption, while almost every tenth has significantly higher or lower weekly consumption). Consumers did not make large purchases in order to make stocks, although significantly more citizens aged 18-39 and highly educated people made purchases in order to make stocks. While the ban on movement was in force, time was more often spent watching television, preparing food and listening to music. In addition, a certain percentage read books, spend time on social networks, watch movies and series over the Internet / paid channels or exercise in a home environment. A quarter of the population plays board games or games on the phone / computer. The least people during the ban are more likely to order food through delivery sites. Although most of the population has not

used online shopping and services more often since the beginning of the crisis, current circumstances have influenced people to switch to online shopping.

## 5 Conclusion

History teaches us that companies and brands that were active in times of crisis, that showed social responsibility and care for their consumers, that worked to help the community, were proactive, creative, and resourceful, had a much better market position after crisis. During the crisis caused by the SARS virus, which cost the world economy about 40 billion USD, and which dramatically affected (as now) tourism, transport and aviation industry, and even the cosmetics industry, those who, through communication support, strengthened their brands, experienced sales growth of 28% to 35%<sup>1</sup>. The uncertainty about how long all this will take is a significant aggravating factor and hinders important business decisions. People's lifestyle have changed, we have to learn something about this new reality and it is not just about new routines, people meet their needs in a different way, but they also think differently, feel differently.

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