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## FACTORS INFLUENCING CONSUMER PURCHASING DECISIONS IN THE DIGITAL AGE

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**Abstract:** The rise of e-commerce in recent years has posed enormous problems for established businesses and drastically changed the purchasing patterns and behavior of consumers. Electronic commerce has changed due to technology, which has made it easier for customers to access, more affordable, and more convenient. Modern consumers' expectations and purchasing patterns are evolving as a result of e-commerce websites' wider product selections, affordable costs, and accessibility to all. Customers are increasingly more price-sensitive and elastic as a result of the decline of regional and physical boundaries. So, companies must adapt their tactics to thrive in the virtual world. Many companies are abandoning traditional brick-and-mortar systems in favor of hybrid or fully online approaches as a result of the rapid global success of companies like Alibaba and Amazon. This action emphasizes how the internet is increasingly being used for marketing and commerce. Southeast Asia's rapid adoption of online shopping is evidenced by the rise of platforms like Shopee as major participants in the online marketplace. Their emphasis on users and mobile-friendly interfaces has accelerated the shift to digital-first merchandising strategies and altered consumer expectations. The aim of this research is to examine what factors influence consumer behavior and purchasing decision-making in the modern digital era in Bosnia and Herzegovina. Through a case study of OLX.ba, the top consumer-to-consumer e-commerce platform in Bosnia and Herzegovina, this study examines the factors impacting consumer purchase decisions in the digital era, with an emphasis on the country's transitional economy. Despite Bosnia and Herzegovina's high internet penetration rate, the case study of OLX.ba shows that local cultural, economic, and social factors have considerable impact on digital consumer behavior in the country. Online buying is still low despite widespread internet use, primarily because of price sensitivity, trust issues, and cultural preferences like cash-on-delivery. In order to demonstrate how price sensitivity, usability, and trust influence digital consumer behavior, the study integrates quantitative survey data from 200 consumers with qualitative analysis of regional trends. The results emphasize the significance of user-friendly platform design, localized trust mechanisms, and focused awareness efforts in bridging the gap between internet availability and the adoption of e-commerce in emerging nations. Based on the conducted analysis of the case studies, the following recommendations for improvement in online buying can be made: strengthen digital trust and security systems, consumer awareness campaigns, improve user experience (continue improving user interfaces, especially on mobile devices), diversify offers and provide discounts, collaboration with government and local institutions.

**Keywords:** consumer purchasing decisions, digital age, online consumer behavior

### 1. INTRODUCTION

This article's goal is to examine how consumer behavior has evolved in the context of e-commerce, with a focus on the OLX.ba scenario in Bosnia and Herzegovina. It examines the primary factors that influence online purchasing decisions as well as how local e-commerce platforms adjust to the shifting needs of its clientele. Despite the field's strong representation of these regional and global trends, there is a dearth of study on transitional economies like Bosnia and Herzegovina.

In order to better examine the factors that influence consumer behavior in the digital era in Bosnia and Herzegovina, the following auxiliary objectives arise from the main research objective:

- How trust obstacles and price sensitivity affect OLX.ba purchase decisions (Tiago & Tiago, 2012),
- The platform's calculated response to Bosnia's low adoption of digital payments,
- Comparative analysis for other transitioning economies in the Balkans (Walters, 1979).

In this paper, in order to achieve the research objectives, the following methodology was applied:

- Quantitative indicators: 200 Bosnian consumers' survey answers and traffic data from OLX.ba.
- Qualitative analysis: Explaining regional behavioral trends using an e-commerce framework.

The structure of the paper is as follows: after the introductory section, a review of relevant literature and previous research on consumer behavior on the Internet follows; the third section offers an analysis of the OLX.ba case study. The report concludes with significant findings, limitations, and suggestions for further research.

## 2. LITERATURE REVIEW

Consumer behavior has changed as a result of company digitization, especially online. Businesses can employ big data analytics to examine customer preferences, price elasticity, and purchase intentions, claim Acharya and Ahmed (2021). Due to the fact that digital contact is crucial in influencing purchases, this has made consumer behavior analysis an essential tool for platforms like OLX.ba.

The academic interest in consumer behavior began in the 1960s, when the focus shifted from examining total demand to comprehending the motivations and mental models that influence people's purchasing decisions. In order to better explain customer behavior, Walters (1979) presented a coordinate system, highlighting the importance of models that include social, mental, and social components.

Consumer behavior has drastically changed as a result of innovation, especially with the growth of e-commerce. According to ESW (2021), 74% of European Union consumers made their purchases online in 2021, and by 2025, it is projected that sales of portable commerce will total \$728.28 billion.

According to Solera (2023), technological advancements have altered how consumers interact with companies and shop, enabling them to access data and compare options faster than ever before. In essence, the study by GSC Online Press (2024) examined the major factors influencing online purchasing behavior, highlighting the role that information research plays in comprehending customer responses to sophisticated commerce techniques.

## 3. CASE STUDY: OLX.BA AND DIGITAL CONSUMER BEHAVIOR IN BOSNIA AND HERZEGOVINA

Adopting e-commerce presents special difficulties for transitional economies like Bosnia and Herzegovina because of the global digital transformation that is happening so quickly. Online purchase rates are still low when compared to other nations in the region, even though the country has a high internet penetration rate. The biggest C2C e-commerce site in the nation, OLX.ba, is a useful case study for researching online consumer behavior and how regional influences affect buying choices.

The Agency for Statistics of Bosnia and Herzegovina (2023) reports that 83.4% of the population has internet access, demonstrating the presence of the digital infrastructure required for the expansion of e-commerce. However, according to data, 51.5% of internet users have never completed an online purchase, and just 30.4% of users have done so in the previous three months (Agency for Statistics of Bosnia and Herzegovina, 2023). Moreover, a joint study by eComm and Valicon estimated that Bosnia's active e-commerce consumer base is approximately 0.8 million individuals, or about 39% of retail consumers—among the lowest in the Balkan region (Bloomberg Adria, 2023).

With more than two million active users and more than five million listings, OLX.ba is the top platform in Bosnia and Herzegovina's e-commerce market (OLX.ba, 2020; Forbes BiH, 2023). OLX.ba is a major player in facilitating digital commerce in the local market and specializes in consumer-to-consumer (C2C) exchange of secondhand goods. Its reach exceeds the actual population because of duplicate accounts and users from neighboring countries (Forbes BiH, 2023).

The most popular categories on OLX.ba, according to statistics agency data, are: apparel and footwear (59.1%), followed by furniture and appliances (25.4%), food delivery services (21%), and electronics (19.3%) (Agency for Statistics of Bosnia and Herzegovina, 2023). Compared to elder persons (12.8%), young people (16–24 years old) participate in internet shopping at the highest rate (46.3%). Increased digital buying activity is favorably connected with higher education (45.9% vs. 13.7%) (Agency for Statistics of Bosnia and Herzegovina, 2023).

Cash-on-delivery (COD) usage is one of the most important behavioral indicators for sites such as OLX.ba. Regional differences in trust in digital payment methods are evident in Bosnia, where 64% of online purchases are made with COD, compared to 36% in Croatia and 30% in Slovenia (Bloomberg Adria, 2023). This dependence on COD is consistent with OLX.ba's business strategy and implies that cultural norms, payment infrastructure, and trust all have a big influence on what customers decide to buy. These results firmly demonstrate the value of OLX.ba as a focal point for investigating the relationships between digital trust, payment preferences, and consumption patterns in a digital economy that is undergoing change.

With OLX.ba as a primary case study, the table below summarizes the most significant statistical and behavioral variables pertaining to Bosnia and Herzegovina's digital consumers. The table lists the main categories, the most important information that is accessible, the scholarly or official sources that were consulted, and the ways in which each piece of data might be applied to a literature review or market study.

*Table 1: A summary table of Bosnia and Herzegovina's digital consumer behavior*

Category	Basic data	References (APA)	Suggested method of use
Internet spread	83.4% of the population uses the Internet	Agency for Statistics of Bosnia and Herzegovina. (2023). ICT Usage in Households and by Individuals, 2023. <a href="https://bhas.gov.ba">https://bhas.gov.ba</a>	Introduction to the digital transformation environment and clarification of the size of the potential consumer base.
Online purchase rate	Only 30.4% of internet users made online purchases in the last 3 months.	Agency for Statistics of Bosnia and Herzegovina. (2023). ICT Usage in Households and by Individuals 2023. Retrieved from <a href="https://bhas.gov.ba">https://bhas.gov.ba</a>	Highlighting a gap between general digital usage and digital purchasing behavior
OLX.ba – Number of users	2+ million active users, 5+ million ads	Forbes BiH. (2023). Kod nas možete naći sve o biznisu, liderima i trendovima u BiH. Retrieved from <a href="https://forbes.n1info.ba">https://forbes.n1info.ba</a>	Explaining the importance of OLX.ba: A case study in the local digital market
Most purchased categories	59.1% Clothing, 25.4% Furniture, 21% Food, 19.3% Electronics	Agency for Statistics of Bosnia and Herzegovina. (2023). ICT Usage in Households and by Individuals 2023. Retrieved from <a href="https://bhas.gov.ba">https://bhas.gov.ba</a>	Analyzing purchasing patterns and consumer preferences
Age and education	46.3% of young people shop online compared to 12.8% of older people; higher education: 45.9% versus 13.7%	agency for Statistics of Bosnia and Herzegovina. (2023). ICT Usage in Households and by Individuals 2023. Retrieved from <a href="https://bhas.gov.ba">https://bhas.gov.ba</a>	Highlighting the demographic impact on purchasing behavior
Cash on Delivery (COD)	64% of transactions are cash on delivery	Bloomberg Adria. (2023). BiH zaostaje u online trgovini... <a href="https://ba.bloombergadria.com">https://ba.bloombergadria.com</a>	Understanding the weakness of electronic payments and digital trust
Suppliers	74.6% of sellers are local, compared to 25.5% from the European Union and 24.8% from outside Europe.	Agency for Statistics of Bosnia and Herzegovina. (2023). ICT Usage in Households and by Individuals 2023. Retrieved from <a href="https://bhas.gov.ba">https://bhas.gov.ba</a>	Analysis of local vs. foreign market trends
OLX – Platform Statement	3.5M listings; users exceed locals due to duplicates & foreigners.	OLX.ba. (2020). Sve što trebate znati o OLX Shopovima. <a href="https://blog.olx.ba">https://blog.olx.ba</a>	Demonstrates OLX's position as a key partner in the local digital market

Source: Author

### 3.1. Factors influencing online consumer behavior

Numerous interconnected elements impact consumer behavior in online settings, influencing decision-making and purchase outcomes. Trust, price sensitivity, user experience, and social influence have long been recognized by academics as important factors influencing the decisions made by digital consumers (Gefen et al., 2003; Pavlou,

2003). In transitional economies like Bosnia and Herzegovina, where digital infrastructure is expanding but cultural and financial practices are still cautious, these considerations are especially important. So, the main factors influencing online consumer behavior are:

- Trust and risk perception - Trust plays a central role in online transactions due to the absence of physical interaction. According to Pavlou (2003), perceived risk and lack of interpersonal trust are major barriers to e-commerce adoption. In platforms like OLX.ba, trust is mediated through user ratings, product images, and direct communication with sellers, which aligns with the findings of Kim and Peterson (2017), who argue that perceived security and familiarity with platforms significantly increase consumers' willingness to purchase. In Bosnia and Herzegovina, the majority preference for cash-on-delivery (CoD) is a clear indication of trust concerns. Up to 64% of e-commerce transactions are completed using CoD, according to official figures (Bloomberg Adria, 2024), which reflects long-standing worries about fraud, payment security, and delivery dependability. This implies that trust is a structural as well as an emotional component.
- Price sensitivity - Online consumers are generally more price-sensitive than offline ones due to easy access to comparative tools and market transparency (Grewal et al., 2010). On OLX.ba, this is magnified by the platform's structure as a classifieds-based marketplace, where sellers compete directly on price. A study by Valicon (2023) found that Bosnian consumers often use OLX to search for second-hand or discounted goods, indicating that affordability is a critical motive.
- Ease of use and platform design - User experience (UX) and platform design also affect consumer decisions. Davis's (1989) Technology Acceptance Model (TAM) asserts that perceived ease of use and usefulness directly influence the acceptance of digital tools. OLX.ba has invested in mobile-friendly interfaces and simplified navigation to facilitate usage among a broader demographic, especially young users with limited digital experience.
- Social influence and reviews - Online consumer trust and buying decisions are influenced by social validation, online reviews, and word-of-mouth (Chevalier & Mayzlin, 2006). In line with the peer-based trust systems covered in research on C2C platforms, OLX.ba uses seller history, user ratings, and trust scores as proxy signals even if it lacks an Amazon-style review system (Ba & Pavlou, 2002).

### **3.2. Factors influencing purchase decisions**

Factors influencing purchase decisions, of course, are very similar to those factors that influence consumer behavior, but for the sake of sensitivity of the analysis, they will be presented below:

- Trust and cash on delivery - One of the main elements influencing OLX.ba buyers' decisions is trust. Compared to nations like Croatia and Slovenia, a significant percentage of transactions—roughly 64 percent—are made using cash on delivery (COD) (Bloomberg Adria, 2023). Customers' inclination to favor conventional methods that permit goods reception prior to payment is a reflection of their concern of fraud and the hazards associated with digital payments. In order to increase credibility in the lack of sophisticated digital payment mechanisms, OLX.ba seeks to establish a local trust system based on user ratings and direct communication between buyers and sellers (OLX.ba, 2020).
- Price sensitivity - Price is a key consideration when making purchases on OLX.ba because it is a used goods classifieds website. Due to the tendency of most customers to look for used or discounted goods, the local market is very sensitive to pricing (Forbes BiH, 2023). This is consistent with research that indicates poor purchasing power and low income cause consumers in transitional economies to prioritize pricing (Agency for Statistics of Bosnia and Herzegovina, 2023).
- Usability and design - By implementing user-friendly interfaces, OLX.ba enhances the user experience, particularly on mobile devices, which are the primary surfing device in Bosnia & Herzegovina (OLX.ba, 2020). These enhancements aid in drawing in a wider range of users, especially young individuals who depend significantly on cellphones for everyday activities.

## **4. CONCLUSION**

The aim of this research is to examine what factors influence consumer behavior and purchasing decision-making in the modern digital era in Bosnia and Herzegovina. In a bh transitional economy that faces issues including low user trust in digital payment methods, high price sensitivity, and a disconnect between internet penetration and actual e-commerce usage, OLX.ba is a well-known example of digital consumer behavior.

The study emphasizes how crucial it is for e-commerce platforms to comprehend regional economic and cultural aspects in order to guarantee customer acceptability and accomplish long-term growth in developing digital markets.

Despite Bosnia and Herzegovina's high internet penetration rate, the case study of OLX.ba shows that local cultural, economic, and social factors have a considerable impact on digital consumer behavior in the country. High price sensitivity, poor trust in digital payment systems, and the significance of usability—particularly on mobile devices—are all contributing factors. The findings point to a disconnect between internet access and real e-commerce use, highlighting the necessity of removing both financial and psychological obstacles for customers. By offering an intuitive platform that prioritizes cash on delivery and direct communication between buyers and sellers, OLX.ba plays a critical role in closing this gap. This fosters confidence and promotes the adoption of digital commerce in this sector that is undergoing transition.

The conducted business case analysis has multiple significance, given that it provides guidelines for the improvement of online commerce in Bosnia and Herzegovina, both from the perspective of companies and economic policies, as well as from the perspective of further research in this area: strengthen digital trust and security systems (to foster consumer trust and promote the transition from cash on delivery to digital payments, OLX.ba and comparable platforms should make investments in creating user rating and review systems as well as implementing safe, user-friendly electronic payment mechanisms.), consumer awareness campaigns (launch digital awareness campaigns that explain the benefits and safety of e-commerce and provide simple guides on how to use electronic payment systems, aiming to reduce fears and motivate more online purchases), improve user experience (continue improving user interfaces, especially on mobile devices, to make the platform more accessible and appealing to all age and education groups, focusing on simple and responsive design), diversify offers and provide discounts, collaboration with government and local institutions (in order to foster sustainable growth in the digital marketplace, platforms are urged to work with government agencies to improve digital infrastructure, put laws into place that stimulate e-commerce, and offer guarantees for consumer safety).

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