ORIGINALNI NAUČNI RAD / ORIGINAL SCIENTIFIC PAPER

TRADE IN THE ERA OF DIGITALIZATION AND MARKETING: E-COMMERCE AS A CHALLENGE TO THE TRADITIONAL RETAIL MODEL

Mirjana Milovanović	Associate Professor, Higher Education Institution Banja Luka College, Banja Luka, Banja Luka, Bosnia and Herzegovina, mirjana.milovanovic@blc.edu.ba; ORCID ID: 0000-0003-3746-5517
Kristina Romanić	Higher Education Institution Banja Luka College, Banja Luka, Banja Luka, Bosnia and Herzegovina, kristina.romanic@blc.edu.ba
Vesna Novaković	Associate Professor, Pan-European University Apeiron, Banja Luka, Banja Luka, Bosnia and Herzegovina, vesna.p.novakovic@apeiron-edu.eu; ORCID ID: 0000-0002-9495-7940
Sanel Jakupović	Full Professor, Pan-European University Apeiron, Banja Luka, Banja Luka, Bosnia and Herzegovina, sanel.e.jakupovic@apeiron-edu.eu; ORCID ID 0000-0001-5940-6126

HANDLING EDITOR[1]: **Vlatka Bilas,** Full Professor, University of Zagreb, Faculty of Economics, Croatia, vbilas@efzg.hr; ORCID ID: 0000-0002-9021-6651

Abstract: *Traditional retail models, based on the physical presence of sellers and customers, have dominated commerce for decades. These models enabled direct communication, product inspection, and purchasing decisions shaped by personal impressions, while relationships between buyers and sellers were built on trust and face-to-face interaction. However, rapid technological advancements, the widespread use of the Internet, and the proliferation of smartphones have driven significant digitalization in the retail sector, leading to the emergence of e-commerce as a major sales channel. E-commerce offers consumers greater accessibility to products and services, lower prices, faster product comparisons, and a broader selection on a global scale. Simultaneously, traditional models are evolving to integrate digital elements such as online platforms, delivery and pick-up services, loyalty programs, and personalized communication via email, social media, and chatbots. This article aims to provide a comparative analysis of traditional and online sales, with a specific focus on consumer behavior in Bosnia and Herzegovina (BiH) and the European Union (EU). The analysis examines similarities and differences in purchasing habits, levels of digital literacy, consumer preferences, and challenges, with an emphasis on perceptions of security, pricing, service quality, and customer support. Survey results, conducted simultaneously in BiH and the EU with samples of 100 respondents each, indicate that e-com-*

---

1   To avoid a potential conflict of interest, the Editor-in-Chief had no involvement in the editorial review process of this manuscript and had no access to information regarding its peer review. The editorial process was managed independently by the Handling Editor.

Časopis za ekonomiju i tržišne komunikacije/ Economy and Market Communication Review
God./Vol. 16 • Br./No. 1 • Banja Luka, Mart/March 2026 • pp. 82-98

83

merce is not universally superior; its effectiveness depends on factors such as digital literacy, market maturity, and consumer habits. Physical stores (traditional/classical) retain relevance but require adaptation to digital-age demands. The optimal strategy lies in hybrid models that combine the speed and convenience of e-commerce with the trust and personal engagement of traditional shopping. This research provides a foundation for future studies on consumer behavior in digital contexts and offers guidance for businesses seeking to refine sales strategies in response to technological and societal change.

Keywords: *e-commerce, traditional retail, consumer behavior, digitalization*

JEL classification: *M31, D12, O33, L81*

INTRODUCTION

In the contemporary era, characterized by digitalization and rapid technological progress, retail is undergoing profound transformation. Traditional retail based on the physical presence of consumers in a sales location, remains an important distribution channel, offering customers direct contact with products, assistance from trained staff, and a unique shopping experience. The purpose of retail is to ensure that products are available to consumers at the right place, at the right time, in the right quantity, and at an appropriate or acceptable price . Simultaneously, electronic commerce (e-commerce) offers fast access to a wide range of products, 24/7 availability of information, flexible payment models, and personalized offerings. The research problem arises from shifting consumer habits, with buyers increasingly combining online and offline shopping, and from the need for retail chains to adapt to changing market conditions. While e-commerce in developed markets continues to record steady growth, in some regions such as Bosnia and Herzegovina, traditional retail still dominates due to limited digital infrastructure, lower trust in online payments, and underdeveloped logistics. These differences highlight the importance of understanding consumer behavior within specific socio-economic contexts. The motivation for conducting this research lies in the need to identify key factors influencing consumers' decisions to shop online or in physical stores (traditional/ classic), as well as to determine to what extent integrated sales models (omnichannel) represent an optimal response to the demands of the modern marketplace. A particular focus is placed on comparing consumer behavior in BiH and the EU, in order to identify similarities, differences, and development potential for both sales models. The objectives of this research are to analyze consumers' perceptions and experiences with both traditional and online shopping, to compare consumer habits and preferences between the markets of Bosnia and Herzegovina and the European Union, and to identify the key advantages, limitations, and challenges associated with each sales model. Furthermore, the study seeks to examine the potential for implementing integrated sales strategies aimed at enhancing customer experience and fostering greater consumer loyalty.

84

Mirjana Milovanović, et al.
TRADE IN THE ERA OF DIGITALIZATION AND MARKETING: E-COMMERCE AS A CHALLENGE TO THE TRADITIONAL RETAIL MODEL

The paper presents three research hypotheses.

Hypothesis 1: Consumers perceive e-commerce as more convenient and efficient than traditional retail, primarily due to time savings, wider selection, and greater information availability.

Hypothesis 2: Physical stores continue to play a significant role in the consumer experience due to trust, the ability to physically inspect products, and personal interaction.

Hypothesis 3: Integrated sales models (omnichannel), which combine online and offline retail, represent the most effective response to the needs of the modern consumer.

Also, this research provides a basis for a deeper understanding of the dynamics of contemporary retail and offers guidance for businesses on how to adapt their strategies to evolving consumer preferences.

Traditional retail

Commerce is one of the oldest economic activities and a key component of marketing channels, evolving from exchange in early communities to the developed market economies of the 19th century. It connects producers and consumers, ensuring that products are available in the right place, at the right time, in the right quantity, and at an acceptable price. Retail enterprises, as primary actors in the exchange process, also conduct essential marketing activities. After World War II, Europe experienced a strengthening of the role of retailers, the growth of large retail chains, market consolidation, and the technical superiority of large systems. From the 1990s onwards, the development of electronic retail accelerated, becoming an important segment of the global market. By the mid1990s, a large number of traditional retail companies had entered e-commerce activities. In this period, the electronic trading of information-based content, goods, and services emerged as a driver of e-market development, which today constitutes an important segment of global retail operations . Physical stores offer several notable advantages, including a personalized shopping experience characterized by the ability to physically inspect and try products, direct staff assistance through professional advice and immediate responses to customer inquiries, and an atmosphere shaped by store design, ambiance, and brand identity. Additionally, they facilitate social interaction by enabling contact with other customers and staff . However, these benefits are accompanied by certain limitations, such as high operating costs, geographical constraints, fixed working hours, and restricted display and storage capacity.

Consumer behavior in traditional/classic stores

Consumer behavior is an interdisciplinary field that examines what, why, how, where, and when people purchase, as well as their post-purchase experiences. In consumer behavior research, quantitative disciplines such as mathematics, statistics, and operations research make significant contributions . The evolution of marketing in the 1950s positioned the consumer at the center of business strategy, with purchasing behavior influenced by economic, sociological, and cultural factors . Consumer behavior is stimulated and motivated by numerous internal and external factors: economic, sociological, cultural, and others (Figure 1). Despite significant progress in consumer research over the past two decades, much remains unexplored. In developed market

economies, consumers constitute the focal point of a company's overall business activities.

Figure 1. Model of consumer behavior

Source: Adapted by the author from Hawkins, I.D., Mothersbaugh, L.D., & Best, J.R. (2007). Consumer Behavior-Building Marketing Strategy. McGraw-Hill, New York, p. 26.

According to the cited authors, consumers can be broadly categorized into two main types: final consumers, who purchase goods and services for personal or household use, and business consumers, who acquire products for further production, business operations, or resale. Their purchase decisions are influenced by multiple factors, including the physical environment, such as store layout, scents, music, and lighting; the social environment, encompassing the presence of family members, friends, or staff; temporal factors, such as the time of day, season, and the amount of time available for shopping; as well as task-specific and unplanned situations, including urgent purchases or special occasions. Consumer involvement increases proportionally to the importance of the purchase, perceived risk, symbolic meaning, and emotional satisfaction provided by the product. Highly involved consumers analyze the offer in detail and demand high-quality information . As regards customer loyalty to physical stores, loyalty depends on product assortment, pricing, merchandising, convenience, personalization, and problem resolution. Ambient elements such as colors, scents, music, temperature, and lighting influence shopping enjoyment, repeat visits, spending levels, and time spent in-store. The emotional aspect and human interaction become key advantages over online retail. Loyalty programs, exclusive promotions, and live events further strengthen customer relationships.

The 20th century witnessed three major revolutions in retail:

1. The introduction of self-service stores in the United States in the 1920s, and later in Europe after World War II (1950s).

2. A strategic shift from focusing on products to focusing on the consumer, their lifestyle, and how the product is used and perceived.

3. The development of the internet and the emergence of electronic commerce

Electronic commerce

E-commerce seeks to leverage economic efficiencies, reduce errors and cycle times, offer highly customized products and services to meet customer needs, and enhance consumer interaction-all at relatively low costs. The number of transactions

conducted online continues to rise. The greatest challenge for online retailers lies in ensuring consumer security and safeguarding the privacy of personal data provided on the internet . Digitalization has compelled traditional retail chains to combine online and offline strategies through an omnichannel approach. Physical stores retain their significance as spaces for experiential shopping, while the integration of digital technologies fosters stronger consumer relationships. Digitalization does not eliminate traditional retail but adapts it to modern trends, thereby increasing its chances for survival and growth in competitive markets. Electronic commerce (e-commerce) encompasses the buying, selling, marketing, and servicing of products and services via the internet and other networks, including electronic funds transfer, supply chain management, e-marketing, and automated systems . The first form of e-commerce appeared in the late 1970s through Electronic Data Interchange (EDI), while modern e-commerce is associated with 1995 and the launch of Amazon.com. Jeff Bezos began Amazon as an online bookstore, later expanding its assortment, warehousing, and logistics, thus laying the foundations for global digital commerce . The unstoppable technological forces behind e-commerce are the internet and its most widespread service-the World Wide Web (WWW). Without these two technologies, e-commerce as we know it today would not be possible . Today, in addition to Amazon, significant platforms include eBay, AliExpress, Zalando, and ASOS. The advantages of e-commerce include ubiquity, global reach, interactivity, personalization, a broader product range, lower prices, and business process automation. Challenges include payment security, delivery issues, lack of physical contact with the product, limited interpersonal interaction, and the environmental impact of packaging and transportation.

Types of E-commerce:
- B2C - business-to-consumer (the most common model)
- B2B - transactions between companies
- C2C - consumer-to-consumer sales via online platforms
- P2P - direct exchange of files and resources among users
- M-commerce - transactions via mobile devices (Table 1).

Table 1. Types of e-commerce and examples

TYPES OF E-COMMERCE	EXAMPLE
B2C – Business to Consumer	Amazon, Zalando, ASOS, eKupi
B2B – Business to Business	Amazon Business, Thomassent, ETC Sarajevo
C2C – Consumer to Consumer	eBay, Facebook Marketplace, OLX
P2P – Peer to Peer	Airbnb, Uber, BlaBlaCar, Glovo, Donesi
M-Commerce – Mobile Commerce	Apps: Shein, Wish, OLX, Korpa

Source: Adapted by the author from Unković, M., Milosavljević, M., & Stanišić, N. (2010). Savremeno berzansko i elektronsko poslovanje. Univerzitet Singidunum, Belgrade, p. 182.

Online consumer behavior is characterized by a search for better prices, convenience, and fast delivery, as well as greater access to information and reliance on reviews and social media. Key loyalty drivers include personalized offers, payment security, website usability, and quality customer support. The number of digital consumers varies by country. According to certain data, Asia accounts for approximately 55% of all internet users, while Europe and the Americas together account for over 20% . The significance of e-commerce lies in its ability to expand market reach, reduce costs, and enable sales anytime, anywhere. Retail chains leverage e-commerce to showcase extensive product assortments, offer price comparisons, and provide exclusive online products. Personalized recommendations, SEO, email marketing, and social media make e-commerce a powerful marketing channel. During crises, such as the COVID-19 pandemic, e-commerce has proven more resilient than traditional retail, increasingly becoming a key to success in modern business. Digital transformation in retail integrates technology into business processes to enhance customer experience, efficiency, and growth. It enables retailers to remain competitive in a dynamic market, quickly adapt to changes, and meet modern consumer expectations.

Emerging technologies shaping retail

- Artificial Intelligence (AI) and Machine Learning: AI enables deep personalization of offers through the analysis of purchasing habits, process optimization, product recommendations, and automated marketing campaigns. Machine learning detects patterns in user behavior, enhances customer experience, and predicts demand. Netflix is a prime example of advanced application of these technologies in content recommendations. The advent of the internet has fostered the development of AI, which now powers many online tools such as search algorithms, recommendation systems, and website builders
- Virtual Assistants (Chatbots): Chatbots interact with customers 24/7, answering questions and providing support at lower costs, thereby increasing satisfaction and service speed.
- Augmented Reality (AR) and Virtual Reality (VR): AR enables virtual product trials (e.g., furniture, cosmetics), reducing returns and increasing purchase confidence. IKEA Place, for example, has reduced product returns by 30%. VR creates fully simulated environments, such as virtual stores and fashion shows
- Mobile Commerce (M-commerce): Shopping and payments via mobile devices using mobile internet, applications, and digital wallets (Apple Pay, Google Wallet, PayPal) allow transactions anytime and anywhere.
- Subscription Models: Customers pay for regular delivery of products or services, boosting loyalty. The COVID-19 pandemic further popularized this model.
- Click and Collect: This omnichannel strategy combines online ordering with in-store pickup, merging the convenience of e-commerce with the tangibility of physical locations.
- Livestream Shopping: Live video-based selling, often in collaboration with influencers, enables interactive real-time promotion and purchasing. Origi-

88

Mirjana Milovanović, et al.
TRADE IN THE ERA OF DIGITALIZATION AND MARKETING: E-COMMERCE AS A CHALLENGE TO THE TRADITIONAL RETAIL MODEL

nating in Asia in 2017, it has since expanded globally.
- Voice Commerce: Purchasing via voice commands through assistants like Alexa or Google Home relies on NLP and AI for personalized recommendations. While still in early stages, it has significant growth potential.

The future of retail and marketing

Retail and marketing are rapidly shifting from physical formats and traditional advertising to digital platforms, automation, and personalization. AI will play a central role in tailoring offers, predictive analytics, and advertising optimization . Physical stores will not disappear; rather, they will become spaces for experiential brand engagement and personalized service. Marketing will increasingly focus on content marketing and value creation for the consumer, while social media and influencers will remain dominant channels. Personalization will be at the core of strategy-every advertisement, email, or post will be tailored to the user. Companies that invest in technology, customer experience, and sustainability will not only survive but lead the market.

Online shopping offers convenience, variety, and flexibility. In the future, retail will increasingly rely on AI to improve efficiency and customize offerings. Best practices include personalization, segmentation, chatbot and virtual assistant integration, predictive analytics, UI content creation and curation, advertising optimization, social media management, search ad optimization, and customer relationship management.

METHODOLOGY AND RESEARCH OBJECTIVES

In the contemporary era of digitalization and rapid technological advancement, consumer purchasing behavior has undergone significant transformation. Traditional retail, which entails physically visiting a store, is increasingly challenged by the growing prevalence of e-commerce. Online shopping provides quick access to products, information availability, and flexibility, whereas classical/traditional retail continues to offer the benefits of direct product contact and personal interaction with the salesperson. The aim of this research is to examine consumer behavior in BiH and the EU when choosing between classical (offline) and online shopping. The focus is placed on identifying the factors that influence decision-making, as well as analyzing the experiences and preferences of customers in both forms of retail. By comparing the results between BiH and the EU, the study seeks to identify similarities and differences in consumer behavior, the degree of trust in digital platforms, and the reasons for choosing one purchasing model over another. This approach contributes to a deeper understanding of the impact of economic, cultural, and technological factors on consumer decisions, while also enabling the assessment of the challenges and opportunities that e-commerce presents in diverse socio-economic contexts. To collect data relevant for understanding consumer behavior in the modern digitalized environment, a quantitative study was conducted via an online survey. The research focused on analyzing consumers' perceptions, habits, and preferences when choosing between classical/traditional (offline) and online shopping, as well as identifying the key factors that influence such decisions.

The questionnaire contained a combination of various questions, divided into several thematic units:
- Demographic data
- Purchasing habits

Časopis za ekonomiju i tržišne komunikacije/ Economy and Market Communication Review
God./Vol. 16 • Br./No. 1 • Banja Luka, Mart/March 2026 • pp. 82-98

89

- Online shopping
- The impact of digital marketing on purchasing decisions
- Classical/traditional shopping
- Personalization and customer experience
- Retail digitalization

The main objective of the research is to conduct a comparative analysis between the markets of BiH and the EU, with the intention of identifying differences and similarities in consumer behavior regarding e-commerce and traditional retail. In accordance with the established hypotheses, the research is guided by the following research questions (RQ):

1. Is e-commerce superior to traditional retail?
2. Do physical stores have a future in the digital era?
3. How can the retail sector optimally combine both approaches to meet the needs of the modern consumer?

The independent variables in this study are respondents' gender, age, and for the EU sample-location, while the dependent variables are the opinions, attitudes, and perceptions of respondents regarding classical/traditional and online shopping. The survey targeted participants of varying ages (18-55 and above) and both genders, residing in BiH and in the EU. A total of 200 respondents participated in the study. The research was conducted from April 25 to May 25, 2025, using an electronic questionnaire designed on the Google Forms platform. The sample was obtained by distributing the survey via social media and through direct invitations to potential participants. This survey was anonymous, and participation was voluntary. The analyzed responses included 100 respondents from BiH, and 100 respondents from the EU countries. While the sample cannot fully represent the entire population, its size and structure allow for a basic comparative analysis between the two regional contexts. Also, given the spatial limitations of this article, only selected segments of the research will be presented graphically.

Survey participants' demographic characteristics

The consumer survey in BiH included 100 individuals of varying demographic backgrounds. Regarding gender, 74 respondents were women (74%) and 26 were men (26%). In terms of age, the distribution was as follows: 6% under 18 years of age, 70% aged 18-24, 12% aged 25-34, 5% aged 35-44, 4% aged 45-54, and 3% aged 55 or older. The EU consumer survey also covered 100 respondents of diverse demographic profiles: 68% women and 32% men. The age breakdown was: 0% under 18, 49% aged 18-24, 29% aged 25-34, 10% aged 35-44, 6% aged 45-54, and 6% aged 55 or older. The EU survey also recorded respondents' countries of residence: Slovenia (41%), Croatia (20%), Portugal (13%), Austria (12%), Germany (8%), Poland (1%), the Netherlands (1%), Italy (1%), Hungary (1%), Spain (1%), and Sweden (1%).

Analysis of purchasing habits and preferences between BiH and the EU

Consumer purchasing habits in BIH and the EU reveal notable differences as well as certain similarities, particularly in the transition from traditional to online shopping. When it comes to preferred shopping channels, the majority of respondents from BiH still favor traditional stores, with 66% predominantly shopping in physical locations (classical/traditional stores).
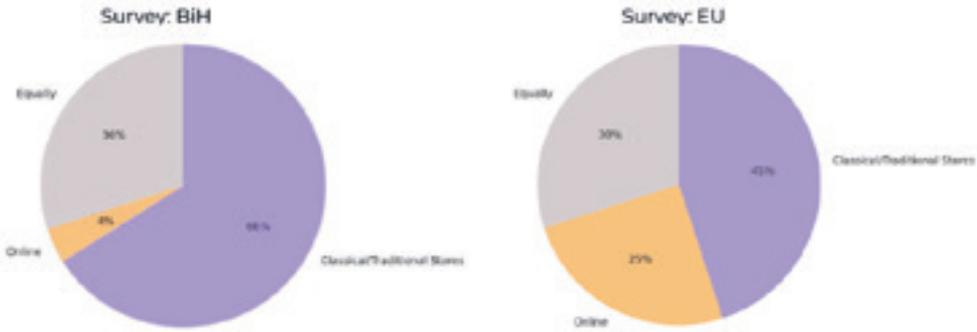
Chart 1. Analysis of consumer purchase locations in BiH and the EU

Source: Author's own research results

In the EU, 45% of respondents reported shopping primarily in physical stores, suggesting greater openness to modern purchasing formats. In contrast, only 4% of respondents in BiH identified online shopping as their primary purchasing method, compared to 25% in the EU. Notably, 30% of respondents in both samples reported shopping equally online and offline, indicating the gradual adoption of hybrid purchasing patterns (Chart 1).

Table 2 present the products most frequently purchased in traditional/classical stores and online in BiH and the EU). In traditional stores, both BiH and EU consumers primarily purchase food and beverages (97% in BiH, 95% in the EU), followed by clothing and footwear (80% in BiH, 56% in the EU). Cosmetics rank third, with 70% in BiH and 57% in the EU. Electronics, furniture, and other products are bought less frequently in stores, with the EU showing slightly higher figures for electronics and furniture than BiH.

Table 2. Products most frequently purchased in traditional/classical stores

PRODUCT CATEGORY	BiH	EU
Food and Beverages	97%	95%
Clothing and Footwear	80%	56%
Cosmetics	70%	57%
Electronics	21%	34%
Furniture	20%	30%
Other	12%	6%

Source: Author's own research results

In the context of online shopping, clothing and footwear represent the predominant product categories in both regions, accounting for 72% of purchases in BiH and 71% in the EU. Electronics are the second most purchased online category, especially

in the EU (44%) compared to BiH (21%). Cosmetics, furniture, and food and beverages follow, with "other" products being more common in the EU online market (23%) than in BiH (14%) (Table 3).

Table 3. Products most frequently purchased online

PRODUCT CATEGORY	BiH	EU
Food and Beverages	5%	4%
Clothing and Footwear	72%	71%
Cosmetics	17%	28%
Electronics	21%	44%
Furniture	6%	10%
Other	14%	23%

Source: Author's own research results

The analysis of the data demonstrates that the possibility of physically inspecting products constitutes the primary factor motivating consumers in both observed regions to shop in traditional stores (88% in BiH and 79% in the EU). This finding supports the argument that direct tactile and visual interaction with products enhances perceptions of quality and reduces perceived risk in the purchasing process. In BiH, additional significant determinants include a greater sense of security (57%) and habit (52%), indicating more conservative consumption patterns and a relatively higher degree of distrust toward digital channels. Conversely, in the EU, after physical inspection, faster and easier product collection (55%) and habit (50%) are emphasized, while consumer security plays a markedly smaller role (24%), suggesting a higher level of institutional trust and more developed consumer protection mechanisms. Lower prices occupy the lowest position in both cases (9% in BiH and 7% in the EU), which confirms that traditional shopping is not primarily motivated by economic considerations but rather by trust, habit, and the experiential dimension of the purchasing process (Table 4).

The reasons for engaging in online shopping reflect distinct consumer priorities. In BiH, the greater variety of products (48%) represents the dominant motivation, reflecting the perception of limited choice within traditional retail channels and highlighting the role of digital markets in overcoming physical constraints. This is followed by 24/7 availability of shopping (46%) and home delivery (43%), underscoring the growing importance of flexibility and convenience. In the EU the leading factor is continuous availability of shopping opportunities (69%), followed by time savings (58%), indicating that online shopping is more strongly perceived as a mechanism for optimizing both work and leisure time. Furthermore, in the EU, home delivery (57%) and easier product search (56%) emerge as highly relevant, while the greater variety of products (55%), which is the most important driver in BiH, ranks only fifth. This suggests that EU consumers take product variety largely for granted, whereas in BiH

92

Mirjana Milovanović, et al.
TRADE IN THE ERA OF DIGITALIZATION AND MARKETING: E-COMMERCE AS A CHALLENGE TO THE TRADITIONAL RETAIL MODEL

Table 4. Reasons for choosing classic/traditional stores

Country		BIH	EU
Reasons for Choosing Classic/Traditional Stores	1	Possibility of physical product inspection (88%)	Possibility of physical product inspection (79%)
	2	Greater safety and security (57%)	Easier and faster product collection (55%)
	3	Easier and faster product collection (55%)	Habit (50%)
	4	Habit (52%)	Greater safety and security (24%)
	5	Lower prices (9%)	Lower prices (7%)

Source: Author's own research results

it remains a central perceived benefit. Consequently, while online shopping in BiH primarily satisfies the need for broader product availability, in the EU the emphasis lies on temporal flexibility and efficiency (Table 5).

Table 5. Reasons for choosing online shopping

Country		BIH	EU
Reasons for Choosing Online Shopping	1	Wider selection of products (48%)	Shopping available 24/7 (69%)
	2	Shopping available 24/7 (46%)	Time savings (58%)
	3	Home delivery (43%)	Home delivery (57%)
	4	Time savings (40%)	Easier product search (56%)
	5	Easier product search (40%)	Wider selection of products (55%)
	6	Other reasons (4%)	Other reasons (2%)

Source: Author's own research results

Empirical evidence from the study suggests that the frequency of online purchases provides additional insight into these differences. In BiH, 50% of respondents shop online infrequently, and 6% never do so; only 3% make weekly purchases. In contrast, in the EU, 27% shop online infrequently, 2% never shop online, while the majority purchase several times per month (29%) or once a month (32%). Monthly spending patterns also differ: in BiH, 47% spend less than 100 BAM, and 13% do not shop online at all. In the EU, 34% spend less than €50, and 18% spend between €100-125 monthly, with only 5% never shopping online.

Časopis za ekonomiju i tržišne komunikacije/ Economy and Market Communication Review
God./Vol. 16 • Br./No. 1 • Banja Luka, Mart/March 2026 • pp. 82-98

93

The results demonstrate that, in both Bosnia and Herzegovina and the European Union, the predominant challenge encountered by consumers pertains to the complexity of product returns (49% in BiH and 41% in the EU). This suggests that the absence of standardized and user-friendly return policies continues to undermine consumer confidence in online shopping. In BiH, the second most prevalent issue is the inaccuracy of product descriptions (46%), followed by payment security concerns (37%) and unreliable delivery (31%), highlighting systemic weaknesses in digital retail infrastructure and persistent consumer skepticism regarding transaction safety. In the EU, by contrast, payment security (41%) is perceived as equally problematic as product returns, while the inaccuracy of product descriptions (34%) and delivery unreliability (25%) are less pronounced compared to BiH. This divergence indicates that although EU consumers also face challenges, these are generally less acute, reflecting higher levels of institutional regulation, more advanced logistics systems, and broader implementation of consumer protection standards. Finally, a notable proportion of consumers in both regions reported no significant challenges (13% in BiH and 22% in the EU), which reinforces the notion that the maturity of digital commerce and consumer familiarity with online transactions are more advanced in the EU than in BiH (Table 6).

Table 6. Key challenges encountered in online shopping

Country		BiH	EU
Key Challenges Encountered in Online Shopping	1	Complicated product returns (49%)	Complicated product returns (41%)
	2	Inaccurate product descriptions (46%)	Payment security (41%)
	3	Payment security (37%)	Inaccurate product descriptions (34%)
	4	Unreliable delivery (31%)	Unreliable delivery (25%)
	5	None (13%)	None (22%)

Source: Author's own research results

Delivery reliability is generally higher in the EU: 45% of respondents report rarely experiencing issues, and 34% only occasionally, compared to BiH where 27% frequently face problems and 47% occasionally do so. EU consumers more frequently use and positively rate advanced technologies such as chatbots, AI recommendations, AR, and VR. These technologies remain less prevalent in BiH. Social media plays a significant role in purchasing decisions, with Instagram, TikTok, and YouTube identified as the most influential platforms in both regions. BiH consumers more often rely on printed leaflets and catalogs, whereas EU consumers predominantly use digital channels. Promotional campaigns influence purchase decisions in both groups, but more strongly in BiH.

BiH respondents more frequently report operational issues, poor product quality, and a lack of vendor response, while EU respondents encounter more sophisticated scams but also report quicker problem resolution and refunds. EU respondents gener-

ally perceive a higher level of retail digitalization and are more open to transitioning to online shopping, while BiH respondents demonstrate greater caution, lower trust, and a stronger preference for hybrid models.
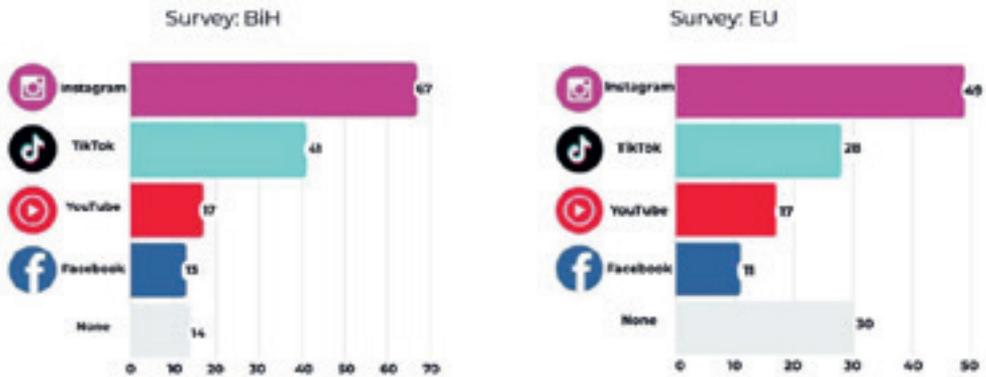

Chart 2. Social media platforms with the greatest influence on consumer purchase decisions
Source: Author's own research results

The chart 2 illustrates the social media platforms that exert the highest influence on consumer purchase decisions. In BiH, Instagram emerges as the dominant platform, influencing 67% of respondents, followed by TikTok with 41%. Other platforms, such as YouTube (17%) and Facebook (13%), have significantly less impact on purchase decisions. Interestingly, 14% of respondents indicated that social media platforms do not influence their purchase decisions at all. In the EU, the influence of social media is more evenly distributed. Instagram still leads with 49%, followed by TikTok (28%), while YouTube (17%) and Facebook (11%) remain secondary. However, a considerably higher proportion of EU respondents (30%) reported that social media does not affect their purchasing behavior, indicating a relatively greater consumer independence from digital influence compared to BiH. These findings highlight that, although Instagram dominates both markets, consumers in BiH are generally more susceptible to social media influence than their EU counterparts, suggesting the potential for more effective marketing campaigns on social platforms in emerging markets.

In BiH, half of the respondents (50%) reported that traditional retail outlets are moderately developed in terms of digitalization. However, a significant 35% indicated that digitalization is insufficiently developed, while only 6% described it as highly developed. Additionally, 9% of participants stated that they were uncertain about the level of digitalization. In contrast, the EU shows a markedly higher degree of technological advancement. A substantial 64% of respondents assessed digitalization as moderately developed, while 23% reported highly developed digital practices. Only 2% considered digitalization insufficient, and 11% were uncertain about the current state. These findings highlight a digital gap between BiH and the EU. While moderate development dominates in both regions, the EU demonstrates a significantly higher proportion of highly digitalized retail outlets and fewer respondents reporting insufficient implementation. This suggests that retail businesses in BiH face more challenges in adopting advanced digital tools compared to their EU counterparts, indicating a potential area for policy improvement and investment (Chart 3).
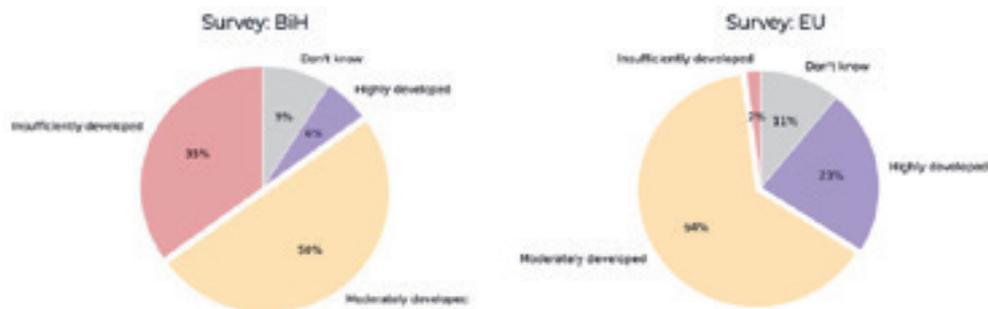
Časopis za ekonomiju i tržišne komunikacije/ Economy and Market Communication Review
God./Vol. 16 • Br./No. 1 • Banja Luka, Mart/March 2026 • pp. 82-98

95

Chart 3. The level of digitalization of traditional retail outlets

Source: Author's own research results

According to the data presented in chart 4, which illustrates the anticipated future trends in online shopping in BiH and the EU, the majority of respondents in BiH (56%) expect a greater integration of online and traditional retail channels, indicating a growing emphasis on omnichannel strategies in the domestic market. Personalization is also recognized as a significant trend, with 37% of participants expecting more personalized products and services, while 33% anticipate the adoption of advanced technologies such as artificial intelligence (AI), augmented reality (AR), and similar innovations. Notably, only 15% foresee a complete transition to online shopping, suggesting that traditional retail will continue to play a strong role in the foreseeable future.
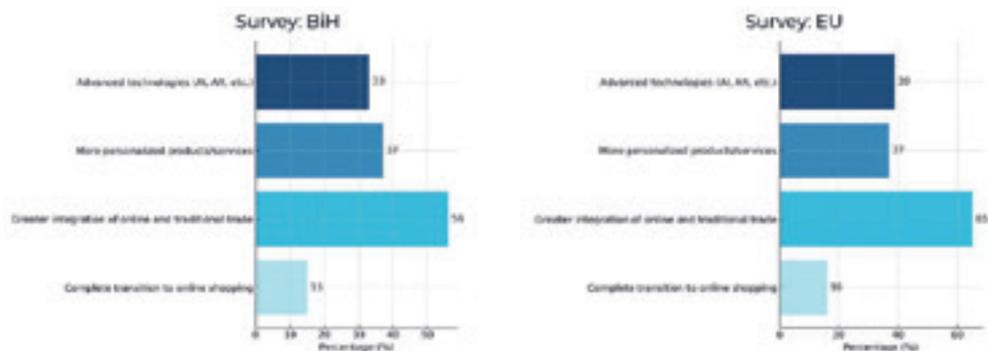

Chart 4. Anticipated future trends in online shopping

Source: Author's own research results

In the EU, expectations follow a similar pattern but with a slightly stronger inclination toward innovation. The highest proportion of respondents (65%) predict greater integration of online and traditional commerce, reflecting a mature approach to omnichannel retailing. The adoption of advanced technologies is anticipated by 39% of respondents, slightly higher than in BiH, while 37% expect an increase in personalized products and services. Similar to BiH, only 16% foresee a complete shift to online shopping.

These findings highlight a shared global trend toward omnichannel strategies and the integration of emerging technologies, while also indicating that traditional retail will remain relevant in both markets. However, the slightly higher emphasis on technological advancement in the EU suggests a faster pace of digital transformation compared to BiH.

96

Mirjana Milovanović, et al.
TRADE IN THE ERA OF DIGITALIZATION AND MARKETING: E-COMMERCE AS A CHALLENGE TO THE TRADITIONAL RETAIL MODEL

Answers to research questions and hypothesis evaluation

Hypothesis 1: Consumers perceive e-commerce as more convenient and efficient compared to traditional retail, primarily due to time savings, a wider product range, and greater access to information.

The first hypothesis is partially confirmed by the research results. Findings indicate that e-commerce offers numerous advantages, particularly for consumers in the EU: a broader selection, easier access to information, and greater purchasing flexibility. However, in Bosnia and Herzegovina, online shopping is still in a developmental phase. While its benefits are recognized, a significant proportion of users express concerns regarding payment security and delivery reliability. Only 4% of BiH respondents shop exclusively online, compared to 25% in the EU.

Hypothesis 2: Physical stores continue to play a significant role in the consumer experience due to trust, the possibility of direct product inspection, and personal interaction.

The second hypothesis is confirmed by the research results. Respondents from both regions (BiH and EU) still show a strong preference for physical stores 66% in BiH and 45% in the EU primarily shop through traditional channels. The key advantages of physical stores include personalized experiences, the ability to directly examine products, the presence of knowledgeable staff, and the sense of trust associated with in-store purchases.

Hypothesis 3: Combined sales models (omnichannel), which integrate online and offline retail, represent the most effective response to the needs of modern consumers.

The third hypothesis is confirmed by the research results. Approximately 30% of respondents in both regions reported shopping equally online and in physical stores, indicating the growing popularity of a hybrid approach. Retail chains increasingly combine digital tools (loyalty programs, chatbots, click-and-collect services) with traditional sales channels, offering consumers greater flexibility and accommodating various purchasing behaviors.

RQ 1: Is e-commerce superior to traditional retail?

E-commerce offers numerous advantages in terms of accessibility, product range, and time efficiency. It is particularly recognized as more effective in the EU, where a larger proportion of consumers prefer online shopping. However, in BiH, traditional retail still dominates due to lower levels of trust in online payments, delivery challenges, and limited digital literacy.

Conclusion: E-commerce is not universally superior its dominance depends on market conditions, digital infrastructure, and consumer habits.

RQ 2: Do physical stores have a future in the digital era?

Yes, physical stores retain a crucial role in retail. Consumers value them for the ability to physically inspect products, the in-person shopping experience, assistance from staff, and the trust fostered through direct interaction. Many brick-and-mortar stores are adapting by incorporating digital elements such as mobile applications, loyalty programs, online ordering, and click-and-collect options.

Conclusion: Physical stores have a future, but only through transformation and adaptation to the digital expectations of modern consumers.

RQ 3: How can the retail sector optimally combine both approaches to meet the

Časopis za ekonomiju i tržišne komunikacije/ Economy and Market Communication Review
God./Vol. 16 • Br./No. 1 • Banja Luka, Mart/March 2026 • pp. 82-98

97

needs of modern consumers?

The optimal solution is the omnichannel model, which merges online and offline sales channels. This includes allowing customers to browse products online and purchase in-store, offering click-and-collect services, implementing digital loyalty programs, and integrating customer support through chatbots and social media.

Conclusion: Hybrid models provide the best consumer experience, foster loyalty, and appeal to a broader range of purchasing preferences.

CONCLUSION

The thesis titled "Retail in the Era of Digitalization and Marketing: E-Commerce as a Challenge to the Traditional Retail Model" addresses the contemporary transformations in the retail sector driven by digitalization and the advancement of information technologies. Through theoretical analysis, global trend examination, and empirical research among consumers in Bosnia and Herzegovina and the European Union, the study offers a comprehensive insight into shifts in consumer behavior, the role of digital marketing, and the challenges faced by traditional retail.

The objective was to identify, through comparative analysis of traditional and electronic retail, the key advantages, disadvantages, and opportunities of both models, and to determine whether e-commerce poses a threat to traditional sales formats or can complement them. In this context, three research hypotheses and three research questions were formulated.

The answers to the research questions (RQ) further confirm that e-commerce is not a universally superior form of retail; its effectiveness depends on factors such as digital literacy, market maturity, and consumer habits. Physical stores have a future, but only if they adapt to the demands of the digital age. The optimal strategy for the retail sector lies in models that combine the strengths of both worlds-the convenience and speed of e-commerce with the trust and personal touch of traditional shopping.

In conclusion, digital transformation does not signify the end of traditional retail, but rather its evolution. Success in the modern retail environment depends on adaptability, innovation, and consumer-centric approaches. This research can serve as a basis for further studies on consumer behavior in the digital environment, as well as guidance for businesses seeking to enhance their sales strategies in line with technological and societal changes.

LITERATURE

Alčaković, S., Đorđević, A., & Savanović, N. (2023). *Digitalni marketing* (Drugo izdanje). Beograd: Univerzitet Singidunum.

Golijanin, D. (2010). *Marketing u trgovini* - Skripta. Beograd: Univerzitet Singidunum.

Hawkins, I.D., Mothersbaugh, L.D., & Best, J.R. (2007). *Consumer Behavior-Building Marketing Strategy*. New York: McGraw-Hill

Homayoun, S., Salehi, M., ArminKia, A., & Novakovic, V. (2024). The Mediating Effect of Innovative Performance on the Relationship Between the Use of Information Technology and Organizational Agility in SMEs. *Sustainability*, *16*(22), 9649. https://doi.org/10.3390/su16229649

Maričić, B. (2011). Ponašanje potrošača. Beograd: Ekonomski fakultet.

Matović, V. (2012). *Menadžment prodaje.* Beograd: Univerzitet Singidunum.

Milosavljević, M. (2022). *Veštačka inteligencija* (Treće izdanje). Beograd: Univerzitet Singidunum.

Milosavljević, M., & Mišković, V. (2011). *Elektronska trgovina* (Prvo izdanje). Beograd: Univerzitet Singidunum.

Milosavljević, M., & Mišković, V. (2020). *Elektronska trgovina* (Izmjenjeno i dopunjeno izdanje). Beograd: Univerzitet Singidunum.

Milovanović, M., Dušanić-Gačić, S., & Novaković, V. (2024, September 20). *Marketing Through the Prism of Time: Traditional, Digital and AI - What's Next?* In MES 2024: 10th International Scientific Conference Media and Economy. Bosnia and Herzegovina, Banja Luka (193-201). Higher Education Institution Banja Luka College, Banja Luka, Republic of Srpska, Bosnia and Herzegovina. UDK 339.138:004.8, DOI 10.7251/BLCZR0723193M https://mes.blc.edu.ba/wp-content/uploads/2024/09/20.pdf

Milovanović, M., & Mamula Nikolić, T. (2021, November 5-7). Targeted Marketing Communications Through the Viber Platform: A Case of a Company from the Bosnia and Herzegovina Real Sector. U: III konferencija srpskog udruženja za marketing SeMA -Izazovi i perspektive marketinga (151-159). Beograd, Srpsko udruženje za marketing- SeMA. ISBN-978-86-903768-1-0. https://www.researchgate.net/publication/361281400_Targeted_marketing_communications_through_the_Viber_platform_a_case_of_a_company_from_the_Bosnia_and_Herzegovina_real_sector

Milovanović, M., Miljanović, I., & Novaković, V. (2022). The Use of Organic and Paid Advertising in Order to Increase Reach and Engagement on Instagram Profile. *STED Journal, 4*(2),64-77. ISSN 2637-2150, e-ISSN 2637-2614, UDC 004.738.5:339.13.017, https://doi.org/10.7251/STED2202064M

Milovanović, M., & Novaković, V. (2025a). *Preduzetnički poduhvat: Savremeni pristupi marketinga.* Banja Luka: Panevropski univerzitet "APEIRON".

Milovanović, M., & Novaković, V. (2025b). The Strategic Integration of Artificial Intelligence in Marketing: Predictive Analytics and Personalization - the Case of Mercedes-Benz, *Economy and Market Communication Review, 15*(5), 144-156. ESCI, JIF 0.2. https://doi.org/ 10.7251/EMC250V144M https://emc-review.com/sites/default/files/2025-V/EMC%20-%20godina%20XV_broj%20V-WEB.pdf

Milovanovic, M., Peric, N., & Vujic, N. (2019). Dependence of the Quality of Services, Satisfaction and Loyalty of Professional Customers in the Auto Industry of Developing Countries: The Case of Bosnia and Herzegovina and FYROM. *World Applied Sciences Journal, 37*(1), 01-10. ISSN 1818-4952. SCImago. DOI: 10.5829/idosi.wasj.2019.01.10. https://www.idosi.org/wasj/wasj37(1)19/1.pdf

Novaković, V., Peulić, V., & Matijević, G. (2020). Inovacija kao pokretač ekonomskog razvoja, *Economy and Market Communication Review, 10*(1), 230-249. https://doi.org/ 10.7251/EMC2001230N, https://www.emc-review.com/sites/default/files/EMC-10-1.pdf

Stanković, J., & Čavić, B. (2013). *Trgovina i drugi kanali marketinga* (Prvo izdanje). Beograd: Univerzitet Singidunum.

Unković, M., Milosavljević M., & Stanišić, N. (2010). *Savremeno berzansko i elektronsko poslovanje*. Beograd: Univerzitet Singidunum.

Živković, R., & Gajić, J. (2021). *Ponašanje potrošača* (Dopunjeno izdanje). Beograd: Univerzitet Singidunum.

Zhang, J. Z., Chang, C.-W., & Neslin, S. A. (2021). How Physical Stores Enhance Customer Value: The Importance of Product Inspection Depth. *Journal of Marketing, 86*(2), 166-185. https://doi.org/10.1177/00222429211012106 (Original work published 2022)