

The 3<sup>rd</sup> International Conference on Economics and Social Sciences  
**Innovative models to revive the global economy**  
October 15-16, 2020  
Bucharest University of Economic Studies, Romania

**Romanian Consumer Behaviour and Payment Choice  
in Online Shopping. A Marketing Perspective**

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DOI: 10.2478/9788395815072-006

**Abstract**

*Nowadays, online migration is a fact, thus offering efficiency and ease-of-use to customers is a mandatory requirement for all steps within the purchasing process, starting from the moment of need recognition or creation all the way to closing the deal, thus paying for the desired products or services. In order to make this process as fast as possible, most commercial websites offer the opportunity for online payment. However, although worldwide this type of payment represents the normality, there are economies in which people are still reluctant, one of these being the Romanian market. Having this context, we have conducted a national survey on a representative sample of 4,000 respondents in order to analyse consumer behaviour and payment choice in online shopping, with focus on enhancer and inhibitor factors for card credit payment. The research results showed us that convenience and availability are the main reasons for which people are choosing online payment, whereas lack of trust still represents the main barrier. The data was collected before the Covid-19 pandemic period; thus, this research is showing a normal consumer behaviour trend for Romania, which can be taken into consideration when developing new marketing strategies for the post-pandemic recovery period.*

**Keywords:** *online shopping, online payment, consumer behaviour, Romanian market.*

**JEL Classification:** *M31*

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## **1. Introduction**

Consumer's decision-making process concerning payment choice is quite complex, that standard economic models have difficulty incorporating this complexity, therefore additional research into consumer choice of payment method is needed (Crowe et al., 2006).

This is one of the reasons for which we have focused our research on this decision-making process, in order to better understand how people are behaving in online shopping and, especially, online payments.

Payment industry participants, both suppliers and users of payment methods, are seeking legal and institutional arrangements that cultivate the best possible payment system (Crowe et al., 2006); however nothing is relevant if the consumer is not on board also. All business decisions are consumer-dependent, as they work only if the customer takes actions. Having this context in mind, is important to evaluate all 3 states of consumer behaviour – cognitive (what he/she knows about online payments), affective (how he/she feels about this payment option) and conative (what actions is he/she taking).

In order to build efficient marketing strategies for the payment industry, we have to first understand the consumer, know his/her preferences, his/her motives and, equally important, his/her fears when it comes to credit card usage in the online environment. Romania is somehow a peculiar market in terms of payment instruments, as cash is still the favourite, even for urban population.

Having this context, we have designed and conducted a quantitative research on Internet shoppers from Romania, evaluating their behaviour regarding payment choice in online shopping.

## **2. Problem Statement**

The literature review on a topic such as online shopping is nowadays very extensive, going from general information about Internet usage all the way to the structured process in online consumer behaviour.

Online consumer behaviour is a complicated socio-technical phenomenon and has been the focus of researchers for the last decade (Reile, 2017). Understanding the psychology behind online consumer behaviour is key for competing in today's markets, which are characterized by ever increasing competition and globalization (Martinez-Ruiz & Moser, 2019).

According to Eurostat (2019), most EU Internet users access the internet regularly, 87% of them are online every day and a further 10% at least once per week, but not daily. These facts show us how important online migration really is. Moreover, it leads to the need of a proper understanding of what people actually do online.

Internet shopping is the third most popular in terms of online activities, being used by 71% of internet users, after using the Internet for listening to music, playing games or watching videos (81%) and reading news online (72%) (European Commission, 2020). This data has to be understood as an EU average,

as there are some countries in which the percentage is still low, such as Romania, where there are only 29% Internet users that shop online.

Academic specialists as well as practitioners have a hard time trying to understand the psychological state of consumers while they are making purchases. Due to this hard task of drawing generalized conclusions, there has been a number of studies that have come out hypothesizing different factors (Bacik et al., 2014; Bucko et al., 2018; Lim et al., 2016; Park & Kim, 2003; Reile, 2017).

Although we already know that the purchasing behaviour is influenced by demographics, channel knowledge, and shopping habits, Reile (2017) states that there are also many other factors that are observable which can lead to having higher transaction rates and having a glimpse into shopping behaviours. Among these factors, the author includes the financial risk, which is defined as the perception that a certain amount of money could be lost while purchasing.

Dange and Kumar (2012) put a lot of weight on the perceived trust of online shops, as they developed a conceptual model for the online consumer buying behaviour, where trust is not just one of the starting factors, but is placed as a filtering element after the pre-buying decision based on reasons is made.

In order to understand factors such as financial risk or perceived trust and trustworthiness, it is necessary to dig deeper into component elements. One of these elements refers to payment options and methods, thus it is important to understand shoppers' attitude towards online payment, their reasons for using credit cards in online shopping and the barriers that make them reluctant in opting for online payment.

Payment methods are also taken into consideration for customer satisfaction, as Guo et al. (2012) present it in their model that consist of 8 satisfaction factors for online customers: web design, security, information quality, payment methods, e-quality of the service, product quality, product range, and service provision.

Antinoja and Scherling (2019) examined the relevance of online trust and online security and identified a direct relation to purchasing cancellations due to trust and security issues in e-payment methods.

In her article about the Romanian online shopping market, Alexe (2018) says that the use of cash will continue to decrease and there will be more options for alternative payment methods. Most likely, credit and debit cards will benefit in the short term, but as alternative method awareness grows, it is possible for their market share to also decrease (Alexe, 2018). However, Romania is a special market in terms of adapting to new payment technologies, thus we shouldn't skip the credit card payment so rapidly and assume that consumers will migrate towards alternative methods.

### **3. Research Questions / Aims of the Research**

Considering the above-mentioned context, this paper is presenting the results of a quantitative research that aims to describe the attitude of Romanian Internet users in terms of payment choice in online shopping.

In order to have a better understanding of the research problem, the objectives were designed on the funnel principle, going from a more general perspective on online shopping all the way to details about payment and factors influencing the decision of credit card usage in such purchases. The main research objectives are presented below:

- a) Romanian online buyer profile (frequency of online stores visits, number of online stores visited in the last 12 months, frequency of online shopping, reasons for buying online);
- b) Payment methods used for online purchase;
- c) Reasons for and against card payment in online shopping;
- d) Criteria on which the decision to pay by card in online shopping depends.

The research hypotheses are that Romanian Internet users are still reluctant when it comes to giving date about their financial instruments, distrust being the main reason for which most of them are opting for cash payment upon delivery.

#### **4. Research Methods**

Having as scope the analysis of Internet users' behaviour, this research was conducted through an online survey. We have opted for a quantitative method of research in order to obtain quantifiable data that latter can be analysed and compared to the literature review information and market available information.

Data collection was done in collaboration with a specialized market research company, which gives our study representativeness and relevance for the structure of the Romanian market.

The data was collected before the Covid-19 pandemic period (February-March 2020); thus, this research is showing a normal consumer behaviour trend for Romania, not the version altered by population movement restrictions that started in the second part on March 2020. This data can be taken into consideration when developing new marketing strategies for the post-pandemic recovery period, where policies and actions have to be developed on the general situation, not the exceptions.

The research had a sample of 4,000 respondents, using a stratified sampling method (as seen in Table 1), questionnaires being distributed among members of an online representative panel of over 40,000 persons from cities with more than 50,000 inhabitants.

**Table 1. Research sample**

Gender		Age				
Male	Female	18-30 years	31-40 years	41-50 years	51-60 years	>60 years
47%	53%	21%	27%	25%	20%	7%

Data analysis was conducted using IBM Statistics SPSS 25, where information was first processed, cleaned and validated. Based on standard deviation and coefficient of variation, the "Findings" section is presenting only those data that are statistically relevant.

## 5. Findings

### 5.1. Romanian online buyer profile

For a better understanding of the payment choice in online purchasing, we have to first know the Romanian consumer, thus our research started with a section about the online buyer profile, in terms of frequency of online stores visits, number of online stores visited in the last 12 months, frequency of online shopping and reasons for buying online.

It is important to know how high the exposure to the offer of online stores is, thus respondents were asked to estimate the frequency of online stores visits. One third of them have a daily exposure (32.5%) and another third visit online stores several times a week (35.7%). Therefore, we can conclude that Internet users have a high exposure to online shops offer. Moreover, when it comes to the number of online stores visited in the last 12 months, we can see that the majority have a varied exposure, as 35.5% have checked between 2 and 5 online stores, 35% between 6 and 15, and 27.1% more than 15 stores.

Going forward, from site visits to conversions, we have asked our participants how often they buy online. Using the data from this variable, we have identified a segment that buys at least once a week (16.2%), one with a lower frequency of 1-3 times a month (36.7%) and a third segment with a random frequency (41.8%), the latter buying rarely, most of them once every 3 months.

In order to pay online by credit card, people must first decide to buy online, thus we wanted to identify which are the reasons that make people buy from the Internet. As seen in Figure 1, the most important element is time (70.2%), which can be also used in marketing strategies for promoting online payment with credit cards. The fourth reason ('it's cheaper online') can also be used in such strategies, when users are pursued to choose credit card payment for a supplementary price discount.



**Figure 1. Reasons that lead to the decision of buying online (%)**

## 5.2. Payment methods used for online purchase

The main objective of our research is referring to the percentage of people choosing to pay by credit card in online shopping, thus we asked participants to talk to us about all payment options they use for such purchasing. Table 2 shows us that cash upon delivery is still the favourite payment method, even if we are talking about urban inhabitants. We will see in the following sections the reasons behind this decision, in comparison with credit card payment, which was used only by half of Internet shoppers. It is interesting to see that there is also a segment of people (29.2%) that, even if they start the order online, they prefer to close it in the store, where they go for the purchase payment (in cash or by card). We have mentioned earlier in the literature review that alternative payment methods seems to be the future in online purchasing worldwide, however for Romania it is not a stable trend yet, virtual money services being used only by 11.4% of urban Internet shopper at present.

**Table 2. Payment methods used for online purchase (%)**

Methods	Percent
Cash upon delivery	75.0
Online with the card	56.3
Cash, in the store	15.2
With the card, in the store	14.0
Using 'virtual money' services (PayPal, MoneyBookers, etc.)	11.4
By payment order or bank transfer	8.5
Via SMS	2.2

Bivariate analysis between credit card payment and demographics showed some significant differences in terms of sex, age, occupation, level of education and personal income, as follows:

- 59.5% of male respondents are using credit cards for online purchase payments, compared to 53.6% of female research participants;
- When it comes to age differences, we see that the percentage decreases with age, going from 61% for 18-30 years to 49.2% for persons over 50;
- Those with better paid jobs (managers, employees with higher education) have a percentage almost double compared to those not working at the moment / unemployed or homemaker persons (68.2% versus 39.6%);
- Education also makes a significant difference, as we see that people with primary education have a percentage of 27.8%, compared with 61.2% for those with higher education;
- In terms of personal monthly income, 46.4% of respondents with less than RON 2,000.00 choose credit card payment, whereas those with over RON 6,000.00 prefer this payment method (as 78.1% of them use it).

### 5.3. Reasons for and against card payment in online shopping

The main reason for which Romanian online shoppers choose card payment is convenience (59.6%), but it should not be neglected that for many respondents this decision was one induced by the merchant, as 42.5% mentioned that they didn't have any other payment option. Considering that, as it can be seen in Table 4, people are reluctant in using credit card for online payment due to trust issues, it is interesting to see that we have however a segment of 28.3% that see credit card payment as being safe (Table 3, row 3). There is also a segment (25.9%) that understands the true meaning of online commerce, which implies Internet usage from beginning to the end of transactions.

**Table 3. Reason for choosing card payment for online shopping (%)**

Reasons	Percent
Because it's more convenient	59.6
Because I had no other available way	42.5
Because it's safe	28.3
Because "true online commerce" also means electronic transactions	25.9
Other reasons	2.4

On the other hand, the main reason why Romanians do not use credit cards for online purchases is related to the insecurity they feel in the online environment, which makes them reluctant to provide the card data. This reason is closely related to the second reason, which refers to a general insecurity, not only related to financial data provided.

**Table 4. Reason against card payment for online shopping (%)**

Reasons	Percent
In principle, I do not trust to provide the card data	67.1
I'm afraid of being cheated	45.6
Recovering money in case of fraud takes a long time	31.7
Other reasons	8.9

### 5.4. Criteria for decision making in online credit card payment

In order to build a proper marketing strategy for enhanced credit card usage in online shopping, we have asked respondents to evaluate, on a scale from 1 to 5 (where 5 is the maximum grade), how important are a series of elements in their decision to pay by card. As shown in Table 5, payment security is the most important, which has to be guaranteed by the store, meaning that it is has to be literally written on the website. The second most important is the store's reputation, which means that it comes bundled with payment security. Previous experience also helps, as it gives consumer the peace of mind regarding trustworthiness.

An efficient marketing strategy that can be used in order to convince shoppers to choose credit card payments refers to supplementary facilities, such as payment in instalments or loyalty points.

**Table 5. Criteria that influences the decision to pay with credit card online (%)**

<b>Reasons</b>	<b>Average score (on a scale from 1 to 5)</b>
The store's website guarantees payment security	4.57
The reputation of the store	4.25
I have previously bought products from this store	4.19
Facilities offered by card payment (possibility to pay in instalments, loyalty points, etc.)	4.08
It is a store abroad (payment options are limited)	3.52

## **6. Conclusions**

The main conclusion of this study is that, on the Romanian market, there is still a need to work on trustworthiness for credit card usage in online purchasing, fact that validates our research hypothesis, together with the fact that cash upon delivery is still the favourite payment method, even for urban Internet shoppers.

However, there are some segments that are more prone towards electronic transactions, such as young people under 30 years of age, people with higher education level and monthly personal income. Marketing strategies can start with these segments, using them as testimonials from early adopters, leading to increased usage by the early majority.

The academic, private, and public policy communities each have a vested interest in understanding consumer payment behaviour, but each have different goals, motivations, and methodologies for studying this behaviour (Crowe et al., 2006). As discussed in section 5 of this paper, our motivation was to see what insights can we draw from our research, insights that can be latter used in marketing strategies which will favour migration towards electronic payment methods, to the detriment of cash.

Considering that one of our research limitations refers to sampling only urban population, future research can also include rural inhabitants, as we also see a trend in the migration from urban to rural areas of people with purchasing power.

## **Acknowledgment**

This work was supported by a grant of the Romanian Ministry of European Funds, POC program, project number P\_40\_382/119598– ASECOMP.



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